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REVIEW OF TECHNICAL COOPERATION ACTIVITIES OF UNCTAD

Report by the Secretary-General of UNCTAD

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REVIEW OF TECHNICAL COOPERATION ACTIVITIES OF UNCTAD

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INTRODUCTION

1. In accordance with paragraph 107(b) of "A Partnership for Growth and Development", adopted by UNCTAD IX , the Trade and Development Board reviews the technical cooperation activities of UNCTAD. Normally, the Board is assisted in this regard by the Working Party on the Medium-Term Plan and Programme Budget. For reasons of calendar scheduling in 1996, the Working Party could not meet to review technical cooperation before the forty-third session of the Board. Proposals for subsequent reviews by the Board, assisted by the Working Party, are set out in paragraph 346 below, together with suggestions for the implementation of paragraph 96 of the outcome of UNCTAD IX.

2. The present report has four sections, in addition to the introduction. Information on activities undertaken in 1995 is presented in an overall form in section I and on a programme-by-programme basis, according to the then structure of the secretariat, in section II. Section III provides information on general issues and developments in UNCTAD's technical cooperation, covering such matters as cooperation with other organizations; evaluation; mobilization of resources; and support costs. Section IV brings together various issues regarding UNCTAD's technical cooperation requiring attention by the Board arising from intergovernmental decisions, including UNCTAD IX, the Trade and Development Board and the Working Party.

3. In a decision taken in December 1995, the Working Party, following its review of technical cooperation at its twenty-sixth session, requested the secretariat to provide information on the following:

- The allocation of support costs: see paragraphs 341-343;
- The use of programme budget funds for the backstopping of technical cooperation activities: see paragraphs 374-367;
- The follow-up to the in-depth study on ASYCUDA: see paragraphs 385-395;
- UNCTAD's technical cooperation activities in least developed countries (LDCs) and by region and by programme: see paragraphs 6-9 and 375-377;
- Information on UNCTAD's technical cooperation in the area of competition laws and policy: see paragraphs 68-75.

4. The Working Party also requested an in-depth study on the TRAINFORTRADE programme. That study, which is under way, could not be completed in time for the present session of the Board. It is

therefore proposed to complete the study for the twenty-ninth session of the Working Party in early 1997.

I. OVERVIEW OF ACTIVITIES IN 1995

5. UNCTAD's expenditures on technical co-operation in 1995 amounted to US$ 22 million. This is a slight increase compared to the 1994 level of $21.4 million. Overall, the size of UNCTAD's technical cooperation has not changed significantly in the 1990s, with a former peak of US$ 21.9 million in 1990 and a relative low of US$ 20.3 million in 1993 (see data in table 1 and annex, table 1, and chart 1).

Table 1: Evolution of UNCTAD's technical cooperation

	1985-1995, US $m				
	1985	1990	1993	1994	1995
Expenditure financed by UNDP:	5.8	17.4	10.9	10.8	7.8
Expenditure financed from trust fund	1.1	3.6	8.8	10.0	13.4
Regular programme of tech. coop:	.3	.6	.6	.5	.8
Total	7.2	21.9	20.3	21.4	22.0

6. Table 1 also shows the breakdown of the programme by source of funds. It illustrates the continuing decline of UNDP both in relative and in absolute terms, and the corresponding increase in activities financed from Trust Fund contributions. Details on Trust Fund contributors are provided in table 4 (page 86) and Table VII of the annex. Paragraphs 331 to 340 of this report address resource mobilization issues against this background.

7. Table 2 provides the information requested by the Working Party at its twenty-sixth session as regards the distribution of technical cooperation expenditures for least developed countries, by region and by programme for the period 1992-1995. An important focus of UNCTAD's technical cooperation is on the least developed countries (LDCs). In the final document of UNCTAD IX, the Conference decided that LDCs should have priority in the assistance provided by UNCTAD. Drawing on the data provided in table IV of

Chart 1

Technical cooperation expenditures, 1987-1995

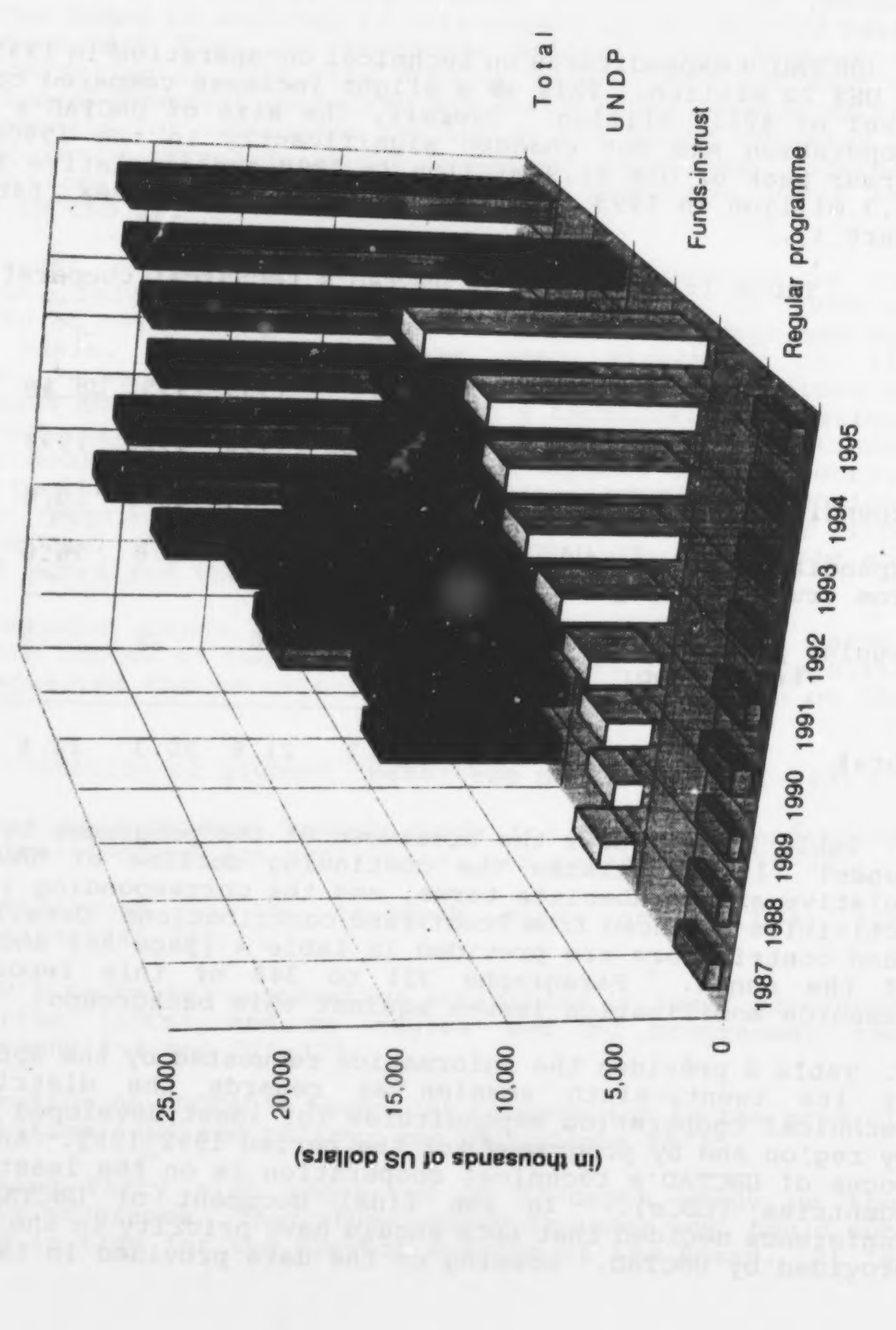

Table 2

Technical cooperation expenditures, 1992 – 1995

LDCs, by region and by programme a/

(In thousands of US Dollars)

		1992	1993	1994	1995
I.	**TOTAL**	19,599	20,280	21,395	21,953
II.	**LDCs Total**	7,034	7,215	6,827	6,067
III	**By region:**				
	Africa	5,070	4,948	3,489	4,486
	Arab States	223	899	1,729	1,004
	Asia & The Pacific	2,968	3,478	3,526	2,899
	Latin America & the Caribbean	2,487	2,262	2,864	2,512
	Europe	247	412	1,569	2,949
	Interregional	8,604	8,281	8,218	8,103
IV.	**By programme:**				
	Commodities	682	840	607	217
	Global interdependence	1,948	1,966	2,505	2,590
	of which: development finance and debt:	(1,739)	(1,706)	(2,262)	(2,430)
	International trade	2,638	3,004	3,637	2,084
	of which: Uruguay Round and follow-up:	(1,155)	(1,115)	(1,938)	(1,037)
	Transnational corporations and investment b/	–	406	1,352	2,042
	Science and technology	489	386	313	138
	Least developed, landlocked and island developing countries	1,331	1,130	484	427
	Economic cooperation among developing countries and special programmes	927	326	411	352
	Services development and trade efficiency	9,004	9,971	9,923	11,528
	of which: ASYCUDA/trade facilitation	(6,405)	(6,658)	(5,622)	(7,288)
	Trade points	(53)	(389)	(654)	(309)
	Port management	(164)	(998)	(1,413)	(988)
	TRAINMAR	(836)	(820)	(776)	(862)
	ACIS	(857)	(997)	(487)	(1,505)
	Cross sectoral and other activities	2,580	2,250	2,162	2,570
	of which: Training and HRD	(1,368)	(845)	(1,110)	(1,536)

a/ Source: Table IV of Annex

b/ The programme was transferred to UNCTAD in 1993. Operational expenditures in 1992 and in 1993 were recorded against DDSMS/New York.

the annex, it can be noted that the share of LDCs in total technical cooperation activities (covering both direct country expenditures and an imputed share of inter-country projects[1]) has declined from a high of 42% in 1989 to 28 % in 1995.

8. As regards the distribution of expenditures by region, table 2 shows that the share of transitional economies in Europe has increased significantly in the last few years (from 1% in 1992 to 13% in 1995). In absolute terms, expenditures in Africa, Asia/Pacific and Latin America and the Caribbean remained more or less constant or declined a little. The share of the interregional programme decreased. Arab States showed an increase, largely because of the single large project on port management in Somalia.

9. Information on expenditures by programme is presented in summary form in table 2 and on a more detailed basis for 1995 in table 3. Services development and trade efficiency accounted for about 50% or more of total expenditures in each of the last four years, the result of the relatively large ASYCUDA, TRAINMAR and ACIS programmes. Other significant programmes include debt management, international trade - particularly the follow-up to the Uruguay Round - TRAINFORTRADE and, more recently, the Advisory Services on Investment and Technology.

10. As in previous years, information on the regional distribution of expenditures, on the nationality of experts and consultants and on the components of project expenditure is provided in the annex (tables II, V and VI respectively).

11. Table 3, which is based on the data of table V of the annex, summarizes the delivery of technical assistance by secretariat division or programme responsible for the technical and managerial backstopping of the corresponding projects. This presentation - which is followed through in more detail in chapter II of this report - is considered the most appropriate, since it highlights the longstanding UNCTAD policy and practice of linking technical cooperation activities closely with the work of each organizational unit. An overview of the main features of the contents of 1995 technical cooperation activities is presented below.

12. Technical cooperation in the area of **commodities** has continued to be small in absolute terms - slightly over 1 per cent of the total - and also in comparison with the secretariat's work in research, policy analysis and support for international commodity cooperation. The main emphasis has been on integration of the

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[1]. For details of the secretariat estimates, see footnotes to table IV in annex. A few inter-country projects are exclusively devoted to LDCs; most others, while benefiting LDCs, are not exclusively directed at those countries.

Table 3

TECHNICAL COOPERATION ACTIVITIES BY DIVISION/PROGRAMME, 1995

EXPENDITURES AS AT 31 DECEMBER 1995
(In thousands of US dollars)

DIVISION	1995 EXPENDITURES				
	UNDP a	TRUST FUNDS b	REGULAR PROGRAMME c	TOTAL a + b + c	%
COMM: Total	–	217	–	217	1.0
Commodities policy and information	–	116	–	116	0.5
Sustainable development in the commodities field	–	52	–	52	0.2
Commodity price risk management	–	48	–	48	0.2
GID: Total	934	1,655	–	2,590	11.8
Development finance and debt:	934	1,496	–	2,431	11.1
a. DMFAS	934	1,404	–	2,339	10.7
b. Other activities	–	92	–	92	0.4
International monetary issues	–	159	–	159	0.7
ITD: Total	991	1,092	–	2,067	9.5
Follow-up to the Uruguay Round of trade negotiations	791	246	–	1,037	4.7
Trade and environment	38	180	–	219	1.0
Control of restrictive business practices	51	33	–	84	0.4
Trade policies and trade expansion	111	3	–	115	0.5
GSP and other trade laws	–	630	–	630	2.9
DTCI: Total	793	1,248	–	2,042	9.3
Privatization, entrepreneurship and competitiveness	–	13	–	13	0.1
ISAR	128	–	–	128	0.6
FORINVEST	376	548	–	924	4.2
TRANSACT	190	15	–	205	0.9
EMPRETEC	32	79	–	110	0.5
Others	66	594	–	660	3.0
DST: Total	–	138	–	138	0.6
Science and technology for development	–	138	–	138	0.6
LDC: Total	285	142	–	427	1.9
Least developed countries:	138	111	–	249	1.1
Land-locked and island developing countries	147	31	–	179	0.8
ECDC AND SP: Total	139	213	–	352	1.6
Poverty alleviation	44	45	–	89	0.4
Economic cooperation among developing countries	95	167	–	262	1.2
Assistance to the Palestinian people	–	1	–	1	0.0
SDTE: Total	3,933	7,591	–	11,528	52.5
Trade efficiency:	2,960	4,638	–	7,598	34.6
a. Customs modernization and reform	2,933	4,355	–	7,289	33.2
b. The Global Trade Point Network	27	283	–	309	1.4
Services development	22	167	–	189	0.9
Shipping, ports and multimodal transport:	936	2,634	–	3,571	16.3
a. Shipping and maritime legislation	4	29	–	32	0.1
b. Multimodal transport	183	–	–	183	0.8
c. Port management and development	733	255	–	989	4.5
d. Maritime management training	12	850	–	862	3.9
e. Management of transport routes	5	1,501	–	1,505	6.9
Insurance	15	153	–	168	0.8
Cross-sectoral and other activities: Total	721	1,053	797	2,570	11.7
Data management	17	84	–	101	0.5
Training and human resource development	–	933	–	933	4.2
Advisory services	704	36	797	1,536	7.0
GRAND TOTAL	7,799	13,356	797	21,953	100.0

non-fuel mineral sector in the economy; sustainable management of natural resources, including the launching, with the relevant partners, of the BIOTRADE initiative; and commodity price risk management and the promotion of commodity exchanges in developing countries. The assistance formerly undertaken on the management of food imports has been wound down, and future requests in this area will be channelled to ITC, which is considered to have comparative advantage as regards advising on procurement matters.

13. The technical cooperation undertaken by the **Global Interdependence Division** consisted mostly of the assistance provided in debt management (DMFAS system), which by itself represents some 11 per cent of UNCTAD's total technical assistance expenditures in 1995. With the coming on stream of the new version of the system (DMFAS 5.0), UNCTAD's system is likely to become the most widely used standard system for debt management. Related to this work are activities to support developing countries, particularly those in Africa, to reschedule or convert their official debt. Another continuing programme of UNCTAD provides support to the Group of Twenty-Four Developing Countries (G-24) in addressing international monetary and financial issues their negotiations within the framework of the World Bank and the IMF.

14. The **International Trade Division** accounted for 9.5 per cent of UNCTAD's total programmes, showing a marked decline with respect to 1994 (17.0 per cent). The main component continues to be assistance provided to developing countries in the follow-up of the Uruguay Round and in their accession to WTO. WTO, with the support of certain donors, is developing its own programmes in this area, and there has been extensive consultations between the two organizations, as well as with ITC, in order to ensure increasingly coordinated or joint interventions. Work was carried out on on the linkages between trade, environment and development, through studies, workshops and dissemination of information. The programmes providing assistance in the formulation and implementation of competition policies and legislation, as well as on the generalized system of preferences and other trade laws, were continued. A number of trade policy projects were undertaken, including a new one on trade and economic cooperation in the Mediterranean.

15. Most of the technical cooperation activities of the **Division for Transnational Corporations and Investment** and of the **Division for Science and Technology** were undertaken jointly through the Advisory Service on Investment and Technology (ASIT). These two divisions accounted together for about 10 per cent of UNCTAD's total expenditures, a significant increase over 1994. An important programme within ASIT is FORINVEST, which assists countries in creating and managing the conditions in which foreign investment and international business can thrive. Among the other specific programmes are those to promote entrepreneurship in small and medium enterprises (EMPRETEC) and formulate and implement better

accounting and auditing standards (ISAR), particularly in economies in transition. On the technology side, the main activities have consisted in assistance in capacity-building, with special reference to commercialization of research and development, as well as in dissemination of information about information technology.

16. The **Division for the Least Developed, Land-Locked and Island Developing Countries** was responsible for about 2.0 per cent of UNCTAD's total. Activities centred around support for the preparation of the Mid-term Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the 1990s. Assistance to the land-locked developing countries focused particularly on the transit problems of the Central Asian republics.

17. The technical cooperation implemented by the **Division for Economic Cooperation among Developing Countries and for Special Programmes** continued to be modest in size (1.6 per cent of the total), although catalytic in nature. It included ECDC aspects of trade financing, clearance and payments arrangements, and support for groupings in Asia and the Pacific and in the Maghreb. Assistance to the Palestinian people has taken a new orientation, with technical missions to the field made possible by political developments.

18. Technical cooperation activities of the **Services Development and Trade Efficiency Division** constitutes the bulk of UNCTAD's operational activities (52.5 per cent of the total in 1995; up from 46.4 per cent in 1994). This is due in good measure to the great demand - backed up by donor support - for the customs reform and computerization programme, ASYCUDA, whose activities accounted by themselves for one-third of the totality of UNCTAD's technical cooperation expenditures. Assistance in the establishment of Trade Points and in connecting them through the Global Trade Point Network was further pursued.

19. The Division's responsibilities also include UNCTAD's work on shipping, ports and multimodal transport, which has a significant technical co-operation component (16.3 per cent of UNCTAD's total). The most important programme is that on the management of transport routes through cargo tracking (ACIS), which continued to be actively implemented, mostly in Africa. Activities in maritime management training continued to be pursued, as was UNCTAD's assistance for the management and rehabilition of Somalia's ports. Among the other activities backstopped by this Division, the "services in development" and insurance programmes had modest, but well focused, activities, essentially directed to Africa.

20. Certain technical cooperation activities of relevance to several programmes and divisions were handled centrally under the responsibility of the **Division for Programme Support and Management Services** and are reported under **Cross-sectoral and other activities**. These represented 11.7 per cent of the total expenditure in 1995. More than half of these expenditures relate

to the TRAINFORTRADE programme, which has continued to develop a number of training packages and supported training institutions in developing countries in their adaptation and delivery. Another component concerns the improvement, extension and dissemination of the database on trade-control measures through software called TRAINS, available on CD-Rom. This programme, although it is frugal in expenditure, is highly regarded worldwide. Finally, the interregional advisory services to developing countries made available under section 12 of the United Nations Programme Budget and the UNDP sectoral support programme are also reported under this heading.

II. REVIEW OF ACTIVITIES BY PROGRAMME AREA

A. Commodities Division

1. Commodity policies, management

Development context

21. Commodity exports are the major source of foreign exchange earnings for most developing countries, and commodity production and related activities account for a large part of their GNP. Hence, world commodity markets and the management of the natural resource base (by both the public and private sectors) bear heavily on potentials for growth and sustainable development.

Objectives and features

22. A special focus was given (i) to the non-fuel mineral sector, for which UNCTAD has a particular mandate from UNGA resolution 49/106, with a view to identifying and promoting policies that enhance the integration of the sector into the national economy as a whole, and (ii) to trade finance and food import management, where the deteriorating conditions for import of foodstuffs in many developing countries were addressed.

Output/results

23. A project on the role of the mineral sector in developing countries (MINDEV) held three regional seminars and one interregional seminar, all judged by the participants to have been highly useful, and prepared a number of country case studies, made available both to the countries concerned and to other countries in similar circumstances. During the reporting period, a case study on the mineral sector of the Dominican Republic (UNCTAD/COM/61) was published and a similar study on the mineral sector of Zimbabwe was initiated for publication in 1996. Also, based on experience gained with the MINDEV project to date, work began on a new programme focused on capacity building to facilitate the integration of economic, environmental and social aspects of mineral-resource exploitation.

24. A study on the implications of the CFA franc devaluation (1994) on the food sector was completed and circulated in 1996.

2. Sustainable development in the commodities field

Development context

25. The post-UNCED awakening of concerns about the relationship between economic growth and the natural environment, reflecting the fact that both commodity and industrial production activities affect the natural resource base, has become an important factor impinging on the management of the commodity sector, in both developed and developing countries.

Objectives

26. The main objectives under this heading are to: (i) enhance the capacity of the public and private sectors of developing countries to address, in a participatory framework, sustainable development issues arising when natural resources are exploited for primary commodity production; (ii) respond to growing needs among developed and developing countries for more sustainable production and consumption patterns; (iii) contribute to the design and implementation of economic policies and measures ensuring that developing countries attain economic benefits from the full use of the Convention on Biological Diversity; and (iv) promote an exchange of experiences among developing countries as regards practices in environmental management for the mining and metallurgical industries.

Features

27. These projects include the use of interregional, regional and subregional seminars and workshops, preparation of case studies for selected countries, the development of model frameworks for problem (and solution) identification, compilation and analysis of statistical information, and the identification of mechanisms relating to the issue of rights over biological resources, including the development of protocols for biochemical prospecting contracts.

Output/results

28. The main outputs and results achieved in 1995 were:

- The starting of the first pilot of the "Natural resources and commodity production" project. In cooperation with the local government of the Northern Cape Province, South Africa, the project is exploring development alternatives for the Namaqualand region, where major adjustment problems are expected to result from the downscaling of diamond mining over the next ten years. (This project was recently featured in "Azimuths", the UNDP documentary film series for television, under the title "The Price of a Diamond").

- Under a joint project with UNEP, two expert group meetings were held in New York (10-11 April 1995) and Geneva (4-5 December 1995). Participants discussed the need to undertake measures that reconcile a multitude of objectives (economic, social and environmental), and what the best approach would be when contradictions were apparent. The meeting in Geneva also discussed three case studies, respectively on Egypt, South Africa and the Czech Republic.
- Within the framework of a project implemented with the support of the International Council on Metals and the Environment (ICME), UNCTAD conducted a statistical review of international trade in recoverable metals and metallic compounds with particular emphasis on trade between OECD and developing countries as well as trade among developing countries. The results were presented at the Global Workshop on the Applicability of Decision II/12 of the Basel Convention in Dakar, Senegal, in March 1995 and, in revised form, to the 3rd Conference of the Parties of the Basel Convention in September 1995. Work has started on shaping a self-contained data base on international trade of recoverable metal scrap and residues.
- At the end of 1995, UNCTAD launched the BIOTRADE Initiative, a collaborative effort with the Secretariat of the Convention on Biological Diversity (CBD), interested United Nations agencies and other intergovernmental and non-governmental organizations, the private sector, local communities and academic institutions; technical cooperation activities are expected to start in October 1996.
- Under the programme on "Improved Natural Resources Management in the Commodity Sector", three case studies were published in 1995 on natural resource management and environmental protection in the mining and metals industry: on gold in Ghana and Zimbabwe and on bauxite, alumina and aluminium in Brazil (documents UNCTAD/ COM/41, 45 and 49 respectively).

3. International commodity marketing and commodity price risk management

Development context

29. Commodity export prices are highly volatile, exposing governments, traders, processors, farmers and miners to major hardships. For a large number of commodities, such exposure can be managed through the use of market-based risk management instruments. However, given the potential for abuse of these instruments, it is also important that appropriate control mechanisms are put in place.

Objectives

30. The set of projects has the following main objectives:

- to promote awareness of-and improve the capacity of developing countries to formulate and implement-commodity price risk policies, and develop a policy framework which allows for an appropriate use of risk management instruments by the private sector; and
- to stimulate the development of developing-country commodity exchanges and other organized trading systems.

Features

31. Inter-country and country-level seminars and workshops for both government policy-makers and senior private sector executives; regional workshops for government officials and the trading community to stimulate exchange of experience, coordination and cooperation; and the provision of information and analysis through preparation and dissemination of official reports, workshop papers and consultant reports.

Output/results

32. 1995 activities consisted of training on the use of risk management instruments and the control of such use in companies; training on collateralized finance; and work on the potential for and possibilities of commodity exchanges and new commodity contracts in the Asian region. Funded by the World Bank, work also took place on commodity exchange development in India. A policy report was written, and the follow-up to this report, in particular as concerns the implementation of its recommendations, is being discussed with the Indian Government in the course of 1996.

33. Technical expertise was also provided to the International Pepper Community's working group on pepper futures contracts, which was set up as a result of an earlier UNCTAD report on the viability of an internationally oriented pepper futures contract, prepared as part of the ASIATRADE project (RAS/92/034). In addition, policy reports and manuals were drafted on oil price risk management; metals price risk management; and structured commodity finance. These documents are to be used in conferences and seminars for African countries planned for 1996.

34. In the framework of the TRAINFORTRADE programme, a seminar in March 1995 was hosted by the Uganda Coffee Development Authority, covering marketing, risk management and financing techniques of potential use to Uganda's coffee and cotton producers, processors and traders. Another seminar, in April 1995, hosted and paid by the Kuala Lumpur Commodity Exchange, targetted at experienced commodity traders and risk managers, concerned advanced option strategies for commodity producers, processors and traders.

B. Global Interdependence Division

1. Development finance and debt

(a) The DMFAS Programme

Development context

35. The scant attention paid by many developing countries to the performance of basic functions of debt management was one of the contributory factors leading to the debt crisis of the 1980s. Such basic functions include: (a) having accurate and up-to-date records of all external loans; (b) being fully aware of the timing and amounts of debt servicing obligations; and (c) being able to project the impact of foreign borrowing decisions of various entities on the overall debt profile and balance-of-payments.

Objectives

36. To assist developing countries and countries in transition to develop appropriate administrative, institutional and legal structures for effective debt management; to establish an adequate information system, with detailed and aggregated data on loan contracts; past and future disbursements; and past and future debt service payments; to improve national capacity to define and select appropriate debt strategies; and improve national capacity to record grants and projects financed through external resources, thereby contributing to aid management.

Features

37. UNCTAD developed a technical co-operation package known as the Debt Management and Financial Analysis System (DMFAS). The core of this package is a computer-base debt management system. This system is usually installed in Central Banks and/or Ministries of Finance within the framework of a technical cooperation country project, funded by UNDP, other multilateral and/or bilateral donors, and in some cases the governments themselves. The assistance under the programme consists of three main features:

Software designed to fulfil the operational, statistical and analytical needs of debt managers and those involved in elaborating external debt strategies;

Training in the use of the software ;

Advisory services including needs assessments and advice on technical, administrative, legal and institutional debt management issues, and assistance in software installation and maintenance.

With 19 active projects and expenditures of more than US$ 2 million in 1995, the DMFAS programme is one of the main technical cooperation programmes of UNCTAD.

Outputs/results/impact

38. In 1995, activities were focused on the finalization of the development of the new version of the system, the DMFAS 5.0, which will replace the current version 4.1Plus. The new version has been developed using Oracle's relational database management system and its fourth generation programming tools. During 1995, the system was released and installed in a number of countries, including Argentina, Bangladesh, Paraguay, Romania and Zambia. In addition to implementation missions, major activities also included needs assessment and demonstration missions, as well as the design of national and regional projects[2].

39. The new DMFAS 5.0, which cumulates more than ten years of experience in the area of debt management, marks the beginning of a new era. This system is a state-of-the-art standard debt management system and is expected to become the most widely used standard system in the world. Over the last four years the Programme has doubled its client base to more than 40 countries. Together, their long- and medium-term debt, being or to be managed by the DMFAS, is close to $400 billion and represents around 25 % of the debt of this group of countries. It is expected that this expansion will continue and that by the year 2000 the Programme will have a client base of around 60 countries.

40. The gains obtained from the DMFAS Programme by user countries are difficult to quantify, as the benefits of better information, analysis, negotiations and policy-making cannot be measured. However, it is generally accepted that these gains far exceed the cost of the DMFAS country projects. The cost of the projects range from US$ 100,000 to $1,000,000 and depend on the activities to be undertaken, the size of the debt database to be computerized, and the equipment and the staff included in the project.

41. As a minimum, the DMFAS pays for itself by making debt servicing procedures more efficient and by checking inconsistencies in the claims of creditor agencies. Substantial savings can also be made by avoiding unnecessary costs such as overpayments to creditors or penalty interests due to poor book-keeping. In Argentina, for example, where the DMFAS project costed around $1 million, these direct savings made during the actual implementation of the project amounted to around $ 25 million.

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[2] See DMFAS Progress Reports 1994 (UNCTAD/GID/DMFAS/MISC/5) and 1995 (UNCTAD/GID/DMFAS/MISC/6).

42. While the DMFAS Programme provides its products and services within the framework of country projects, for which funding is generally available, it operates with a central team of experts in information technology and debt management, based in Geneva. The team has grown over the years to 13 professionals and is almost entirely funded through extra-budgetary resources provided by UNDP and bilateral donors. During the period 1991-1993 UNDP funded the programme almost entirely. Owing to its financial constraints, UNDP had to scale down its support in 1995 and 1996. Consequently, in September 1994, UNCTAD organized a donors' meeting to seek funding for 1995 and 1996 and to establish a close and continued partnership with interested donors. In 1995, following this meeting, bilateral discussions took place and Denmark, Italy, Finland, The Netherlands, Norway, Switzerland and Sweden contributed to the Programme and made it possible for UNCTAD to cover the costs of its central activities for 1995 and 1996. UNCTAD is pursuing its discussions with existing and potential donors in order to raise the necessary funding for 1997 and beyond. The objective is to ensure stable and adequate funding for a three-year period in order to maintain the central capacity at its present level and to respond effectively to the challenges ahead. A second donors' meeting was held on 4 June 1996.

(b) Other activities related to debt

43. Under a project to support African countries in the rescheduling of official bilateral debt, Ethiopia, Guinea-Bissau, Mauritania, Senegal and Togo were assisted in preparing for their Paris Club meetings. Advice was provided on preparing the economic memorandum and the request submitted to Paris Club creditors, simulating the impact of Paris Club rescheduling on future debt-service payments under alternative scenarios, and formulating a negotiating strategy. Under the same project, UNCTAD carried out a study on the debt of African countries to non-OECD creditors, namely Russian Federation and Arab countries and institutions. Field work was undertaken in 11 countries (Angola, Ethiopia, Guinea, Guinea-Bissau, Mauritania, Mozambique, Sao Tome and Principe, Senegal, Uganda, United Republic of Tanzania, and Zambia). The study was completed in June 1996.

44. A two-day workshop on the conversion of official bilateral debt was organized for Eastern and Southern African countries in Kampala, Uganda, in August 1995. Eight countries participated in the workshop (Angola, Kenya, Lesotho, Malawi, Swaziland, Uganda, United Republic of Tanzania, and Zambia), which was conducted on the basis of a training manual. It focused on the implementation of debt conversion programmes, and stimulated an extensive exchange of information on country experiences.

2. International monetary issues

Technical support to the Intergovernmental Group of 24

Development context

45. The Intergovernmental Group of Twenty-Four on International Monetary Affairs (G-24) aims at increasing the negotiating strength of the developing countries in discussions that are going on in the International Monetary Fund, and at playing a meaningful role in decisions about the system.

Objectives

46. The project seeks to assist in building the capacity of the Group of 24 in international monetary negotiations and to strengthen the technical preparedness and ability of developing countries to participate in discussions and negotiations within the framework of the IMF and World Bank.

Features/outputs/results

47. During the reporting period, two volumes of studies/research papers in the series International Monetary and Financial Issues for the 1990s were published, one of which focused on the implications of Uruguay Round for developing counties, while the other volume included research papers on multilateral funding, adjustment and development policies, commodity market and risk management . They facilitated the preparation of the developing countries' negotiating positions on relevant issues before the IMF's Interim Committee, the Joint IMF/IBRD Development Committee and other bodies.

C. International Trade Division

1. Follow-up to the Uruguay Round trade negotiations/accession to WTO

Development context

48. Globalization and liberalization have increased the potential for international trade to become an unprecedented engine of growth and an important mechanism for integrating countries into the global economy. A good number of developing countries and countries in transition have seized the opportunities and seen the rapid growth of their economies. It is widely recognized that the integration and fuller participation of developing countries and countries in transition in the global economy and the multilateral trading system would contribute substantially to the expansion of world trade, serving the overall objectives of world economic growth in the context of sustainable development.

Objectives

49. The main objectives of the programme are: to enhance the participation of developing countries and countries in transition in the international trading system; to assist national trade officials in elaborating optimal approaches to the WTO accession process with a view to achieving balanced terms of accession; national institution-building to improve frameworks for trade policy formulation, negotiations, research and trade information; to enhance the understanding of WTO rights and obligations, as well as improve the transparency of their trade regimes; and to strengthen the interaction between policy-makers and the business community. In implementing these projects, UNCTAD is cooperating with the WTO secretariat, as well as ITC and relevant regional organizations.

Features

50. The projects' activities are closely linked with the intergovernmental work programme, as well as with the secretariat's own research. They consist of policy-oriented studies, workshops and seminars, dissemination of information, training and human resource development. The following are some of the main features of the projects: (i) provision of direct support to the WTO negotiating process through the supply of advice and expertise related to the documents submitted to the WTO Working Party on Accession and reports on specific issues involved in the negotiation; (ii) upgrading the competence of trade officials through in-depth training on specific trade policy issues; (iii) improving the competence and capabilities of national institutions and individual researchers; (iv) improving the data management and information systems in the trade area; (v) increasing the transparency of national trade policy; and (vi) raising the eawareness of academia, civil society and the business sector on trade policy issues.

Output/results

51. The following paragraphs describe the achievements of the main projects implemented in 1995.

- Africa: UNCTAD continued to assist African countries in assessing the overall impact of the Uruguay Round on individual countries in order to facilitate policy adaptation to the various agreements, as well as enabling individual countries to take maximum advantage of the new trading opportunities. At the same time, the objective is one of capacity-building and in particular creating a cadre of nationals and local institutions with expertise in the field of trade policy and its formulation by involving them in the country assessment studies. The business community, academia, development-oriented institutions and civil society are also contributing to trade policy formulation through the national workshops built into the country studies methodology. Arrangements were put in place for close collaboration with WTO and ITC in the area (see section IV.A below).

In 1995, a joint UNCTAD/Commonwealth Secretariat regional seminar with was held in Harare, Zimbabwe, with the participation of 19 African countries and with representatives from the government and the private sector. The seminar provided a rare opportunity for a frank dialogue between government officials and private sector representatives on issues related to the Uruguay Round results, the role of the private sector in trade policy formulation and modalities for increasing its participation in trade policy formulation and trade promotion activities, as well as on how to respond to the needs of the private sector as a critical agent for trade development. The need to strengthen private sector participation in the implementation of the Uruguay Round accords was underscored. Participants were acquainted with, and exchanged views on, appropriate methodologies for assessing in detail the implications of and opportunities to be derived from the Uruguay Round. They pointed to the need for practical and continuous assistance to be provided to individual countries in this regard.

Three country assessment studies have been launched and are being finalized for Ghana, Malawi and Namibia. The studies examine the macro-economic framework of the country, analyse the results in terms of market access from the Round, highlight the specific market access conditions facing the country concerned against the background of its trade profile, examine the impact on selected key sectors in the country's trade, identify trading opportunities and corresponding policy responses to benefit from them, address the task of adjusting to multilateral trade rules in relation to existing capacities, and make ecommendations for policy action. Similar studies are being launched in Benin, Chad and Togo for 1996.

- Arab countries: A Symposium on the Evaluation of the Implications of the Uruguay Round for Arab Countries, was held in Casablanca, Morocco, in late 1994. In 1995, advisory services were provided to officials of several countries on Uruguay-Round-related issues (for instance, six Algerian officials undertook consultations with UNCTAD staff on the implications of the Uruguay Round and accession-related issues). Preparatory work was undertaken to assist the Group of Arab Experts on the implications of the Uruguay Round for Arab countries, particularly in the sectors of petrochemicals and services, which subsequently met in March 1996, Manama, Bahrain.

In Lebanon, at the request of the Ministry of Economy and Trade, UNCTAD convened a three-day seminar in Beirut, attended by 200 participants. The main themes developed related to the globalization of world markets and the further integration of the Lebanese economy; Lebanon's participation in the international trading system, with a focus on the impact of the Uruguay Round on Lebanon's trade prospects; and Lebanon's accession to WTO and to regional free trade agreements. In this context, assistance was provided for the preparation of a memorandum on Lebanon's economy to be submitted at a later stage to WTO. On the regional free trade agreements, an ad hoc group was convened under the co-chairmanship of the Minister for Economy and Trade and the Minister for Foreign Affairs.

- Asia-Pacific: A workshop on the identification of Trading Opportunities for Asia-Pacific Developing Countries and Economy of Expert Strategies to the Post-Uruguay Round Trading Context was held in Subic Bay, Philippines, in November 1995. More than 200 high-level officials from 15 countries and territories, namely Bangladesh, China, Fiji, Hong Kong, India, Indonesia, Malaysia, Nepal, Pakistan, Philippines, Republic of Korea, Samoa, Sri Lanka, Thailand and Viet Nam, participated in the workshop, along with representatives of chambers of commerce and trade promotion organizations. Participats were able to benefit from expert analysis and exchange of policy experiences on new trading opportunities and adaptation of export strategies to the Post-Uruguay Round trading context. Representatives of UNCTAD, UNDP, ESCAP and UNIDO, as well as international experts, also contributed substantively to the workshop. The papers submitted to the Workshop, which included general analyses of trading opportunities of relevance to countries of the region, sectoral studies and country case studies, have been published for wide dissemination. Ministers and high- level officials from WTO non-member countries participated in a high-level regional seminar in Bangkok (8-10 August 1995) on the integration WTO non-member countries into the international trading system, which was organized jointly by UNCTAD and ESCAP with the participation of WTO and financed by UNDP.

- Latin America: The Government of the Dominican Republic was assisted in the implementation of legal and institutional reforms in order to modernize foreign trade and make the necessary adjustments in accordance with the commitments undertaken by the country in the Uruguay Round. UNCTAD delivered the technical expertise needed by the National Commission of GATT to implement trade reforms and advised the Government on the process of ratification of the Marrakesh Agreement by the National Assembly. As a result of this assistance, in a further step the

InterAmerican Development Bank will finance a comprehensive programme to support the external sector during the period 1996-1999.

An evaluation of the Uruguay Round was published in two editions, and 10,000 copies of the study were distributed among members of the business community and academia. In addition, more than 300 representatives from the private and public sectors were trained in six national seminars.

- China: China was enabled to participate more effectively in the negotiations on accession to WTO by strengthening the negotiating capacities of national officials. Barriers to China's trade in services, and means of eliminating such barriers through international negotiations, were identified. Policy formulation with respect to trade and development of service sectors was improved. A trade database for both goods and services was developed, and the research capacity of Chinese institutions that provide inputs for trade policy formulation was enhanced. A number of studies/reports were prepared on a wide range of subjects relating to China's foreign trade and trade relations with other countries, including an overview of the major issues concerning China's reintegration into the international trading system, the main benefits and opportunities for China deriving from its WTO membership, and the major challenges that China may face as a result of its WTO membership.

- Russian Federation: The Russian Federation was assisted in the preparatory and initial phases of WTO accession negotiations through activities aimed at: (a) assisting in the drafting of the Memorandum on the Foreign Trade Regime and in preparing the replies to questions from WTO members and other documentation, and supporting the negotiating team; (b) addressing specific components of accession negotiations, including the assessment of the compatibility of national trade legislation and practices with the rules and disciplines of the WTO Agreements; (c) training national trade officials with a view to increasing their knowledge and experience on trade policy matters; and (d) addressing policies and trade legislation of the main trading partners in the context of accession negotiations.

- Belarus: Project activities included: (a) support for the drafting of the Memorandum on the Foreign Trade Regime; (b) prepartion of the trade officials for the initial phases of accession negotiations through consultations and training; (c) undertaking studies on policies of the United States and the European Union with respect to Belarus; (d) analyzing the compliance of Belarus legislation with WTO requirements and disseminating information on the WTO Agreements. The above activities improved the understanding and knowledge of Belarus officials of the approach and strategies of major WTO members towards the accession of Belarus and its policies and built up negotiating capabilities and assisted in the formulation of Belarussian negotiating strategy.

As regards accession to WTO, UNCTAD has received a number of other requests for assistance from Vanuatu, Croatia, Georgia, Ukraine, Uzbekistan, Krygystan and Azerbaijan.

2. Relationship between trade and the environment

Development context

52. Agenda 21 recognized that trade, in conjunction with sound macroeconomic and environmental policies, can make an important contribution to sustainable development. It stresses the need to make trade and environmental policies mutually supportive, through appropriate actions at the national and multilateral levels. This requires the attention of policy-makers, the business community, academic institutions, non-governmental organizations and others.

Objectives

53. The main objectives of activities in this area are the following:

- To assist in increasing awareness and understanding of the complex linkages between trade, environment and development;
- To contribute to building institutional capacity in developing countries and countries in transition to examine the trade and environment interface;
- To support the effective participation of developing countries in deliberations in the relevant international forums.

Features

54. Activities are closely linked with the intergovernmental work programme, as well as with the secretariat's own research. They consist of policy-oriented studies, workshops and seminars, and the provision of information and training/capacity-building seminars, carried out in close cooperation with UNDP, UNEP, WTO, ITC and other organizations, as well as with representatives of civil society, including research institutes and non-governmental organizations.

Outputs/results/impact

Policy oriented studies

55. Under the joint UNCTAD/UNDP project on "Reconciliation of environmental and trade policies", research institutes in developing countries are analysing country-specific experiences in order to better understand trade and environment linkages. In addition, a number of country case studies are being undertaken jointly with UNEP. The following countries are presently participating in the programme:

(a) Africa: Cameroon, Egypt, South Africa, Uganda, and Zimbabwe.

(b) Asia: China, India, Indonesia, Malaysia, Philippines and Thailand.

(c) Latin America: Argentina, Brazil, Chile, Colombia and Costa Rica.

(d) Other regions: Poland, Russia and Turkey.

56. A series of studies have now been completed. Synthesis reports of the studies on Brazil, Colombia, India, Poland and Zimbabwe were made available to the third session of the Ad Hoc Working Group on Trade, Environment and Development. In response to requests made by Governments of a number of developing countries, additional studies will be undertaken, within the availability of funds.

57. A project on eco-labelling and international trade has now been completed, and the results will appear in a book to be published in 1996.

58. Studies have also been completed or are in progress on issues such as the responses to environmental requirements by small and medium-sized firms[3], multilateral environmental agreements (in coordination with UNEP), and green consumerism.

Regional and national workshops and seminars

59. A series of workshops on trade and environment were organised by the ASEAN secretariat in Manila, Bangkok, Kuala Lumpur and Jakarta on 11-23 May 1995 for which the UNCTAD secretariat provided resource persons

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[3] The following studies were completed: Das, S. "The differential impacts of environmental policies on small and large enterprises in India, with special reference to the textile and clothing and leather and footwear sectors", May 1996; Uribe, E. and G. Medina, "Small and medium enterprises and their relationship with environmental regulations and institutions in Colombia".

60. A joint regional UNCTAD/SELA meeting of experts on trade and environment, hosted by SELA and supported by UNEP and UNDP, was held in Caracas, Venezuela, on 25-26 July 1995. Experts from nine countries in the Latin American and Caribbean region participated in the meeting. National seminars on trade, environment and development were held in Havana, Cuba, on 20-21 July and in Caracas on 27 July 1995.

61. Trade and environment linkages of interest to Arab countries were discussed, among other issues, by a group of Arab experts meeting on the implications of the Uruguay Round, particularly in the fields of petrochemicals, environment and services (Bahrain, 16-18 March 1996), and by a Conference on Gulf Co-operation Council external trade relations with regard to the World Trade Organization (Bahrain, 19-20 March 1996).

62. The secretariat is updating its training/capacity-building materials.

Dissemination of information

63. UNCTAD is adjusting its Trade Control Measures Database to incorporate environmental measures which may have an impact on trade. The secretariat has cooperated with the secretariats of ASEAN and ESCAP in the collection of information on emerging environmental policy instruments and related activities. The secretariat is also developing GREENTRADE, which is a computerized information system that allows encoding and retrieval of information on environmental product concerns and measures using a personal computer.

64. The results of the programme have been disseminated through seminars and workshops, as well as a series of publications, including three books.[4] A number of studies have also been published, in the national language, in the countries concerned.[5]

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[4] The following books are being published: Trade, Environment and Sustainable Development: A South Asian Perspective, UNCTAD/UNDP, MacMillan Press 1996 (forthcoming); Zarrilli, S., V. Jha, R. Vossenaar, Eco-labelling and International Trade, MacMillan Press 1996 (forthcoming); and Jha. V, A. Markandya and R. Vossenaar, Trade and the Environment: case studies from developing countries, Elgar, 1996 (forthcoming).

[5] For example: Chudnovsky, D., G. Lugones, and M. Chidiak, "Comercio Internacional y Medio Ambiente: el Caso Argentino"; Pedro de Motta Veiga, "Evidencias sobre as relacoes entre comercio e ambiente no Brasil", Revista Brasileira de Comercio Exterior, Number 41, October-

Results

65. The results of the above activities have provided an important input to policy analysis and debate, conceptual work, the building of consensus among member States on the interaction between environmental and trade policies, the dissemination of information to policy-makers and capacity-building.

66. For example, the Ad Hoc Working Group on Trade, Environment and Development, in its final report, recognized that its work had benefited substantially from policy-oriented studies. Such studies are also playing a catalytic role in stimulating further policy-oriented research on trade, environment and sustainable development in developing countries.

67. Technical assistance activities have also contributed to awareness-building and a better understanding of trade and environment linkages, as well as to the effective participation of developing countries in multilateral deliberations on trade and environment.

3. Competition law and policy[6]

Development context

68. In line with the fundamental economic reforms adopted worldwide, motivated by a recognition of the role of the market and of the private sector in the efficient functioning of economies at all stages of development, there has been a widespread trend in recent years towards the adoption or reform or better implementation of competition laws and policies by developing countries. However, the majority of developing countries still do not have up-to-date competition laws or policies, or are not applying them with full effectiveness, and there have been a large number of requests for technical cooperation for this purpose.

Objectives

69. In line with the Midrand Declaration, the objective of activities in this area is to assist developing countries, particularly those in Africa, to formulate competition policies and legislation and facilitate institution-building.

December 1994; Uribe Botero E., Y.G. Medina Moncayo "La pequena y mediana industria y su relacion con las regulaciones y las instituciones ambientales en Colombia", Departamento Tecnico Administrativo del Medio Ambiente, December 1995.

[6] The information provided here also responds to the request of the Working Party at its twenty-sixth Session in para. 12 (d) of its Agreed Conclusions.

Features

70. In accordance with requests received, the needs of the countries concerned, and available resources:

(i) States without any competition legislation may be provided with information about restrictive business practices (RBPs), their existence and possible adverse effects on their economy; this might involve a study of the restrictive business practices in their economy. They may also be provided with introductory seminars directed at an audience which would include government officials and academics, as well as business and consumer-oriented circles;

(ii) States which are in the process of drafting competition legislation may be provided with information on such legislation in other countries, as well as advice as to the drafting of their competition legislation;

(iii) States which have just adopted competition legislation may be provided with appropriate advice for the setting-up of the competition authority; this usually includes training of officials responsible for the actual control of RBPs, and may also involve training workshops and/or on-the-job training with competition authorities in countries having experience in the field of competition;

(iv) States which have already adopted such legislation and have experience in the control of RBPs may be provided with an opportunity to consult with each other on specific cases and exchange information;

(v) States which wish to revise their competition legislation may be provided with facilities for seeking expert advice from competition authorities in other States, so as to amend their laws in the most effective manner possible.

71. In addition to work aimed at establishing competition law and policy at the national level, UNCTAD is also active in creating a "competitive culture" and preparing developing countries, including the LDCs, as well as countries in transition, for future multilateral negotiations in this area.

Output and results

72. Since 1986, when UNCTAD's technical assistance, advisory and training programmes on restrictive business practices were launched, some 25 national seminars, 10 regional seminars, six subregional seminars and two conferences on restrictive business

practices and competition law and policy have been organized. In addition, the secretariat organized some eight advisory missions to help countries in the process of drafting legislation in this field.

73. In 1995, UNCTAD arranged an expert study of type (i) in Mauritius and organized national seminars on competition policy of type (ii) in Guatemala and Bolivia as well as an exchange of experiences of Competition Authorities in Pakistan and Zambia. Advisory missions to El Salvador and South Africa were provided.

74. As a result, Mauritius, Bolivia and El Salvador are actively preparing national competition laws. In view of the preparations for the Third United Nations Conference to Review All Aspects of the Set, two regional conferences were organized, one in Tunisia in October 1995 for African countries interested in the issue (Egypt, Gabon, Kenya, Mauritania, Morocco, South Africa, Tunisia, Zambia and Zimbabwe participated) and another in Caracas for Latin American and Caribbean countries (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Jamaica, Mexico, Nicaragua, Panama, Peru, Trinidad and Tobago, and Venezuela). These regional seminars have allowed participating countries to exchange experience in this field. Among them, Panama and Costa Rica have adopted new competition legislation subsequent to UNCTAD seminars. Finally, the UNCTAD secretariat also helped organize a Regional Conference for Asian Consumer Protection Organizations (CUTS) on the subject on Competition Policy in the Context of Liberalization (New Delhi, India, 20-21 January 1995), which was attended by representatives from India, Pakistan, the Philippines and the Republic of Korea.

75. Despite what has been achieved, as described above, the UNCTAD secretariat's activities have failed to keep pace with the considerable increase which has occurred in recent years in the requests and requirements relating to technical cooperation in the area of competition law and policy. A substantial allocation of additional financial and human resources is needed in this area. It should be noted in this connection that the resolution adopted by the Third Review Conference on 21 November 1995, taking into account the increased needs for technical cooperation and technical assistance in developing countries, countries in transition and other countries, requested the secretariat to carry out a review of technical cooperation activities undertaken by UNCTAD and other international organizations, as well as States bilaterally, with a view to strengthening its ability to provide technical assistance for capacity-building, urged intergovernmental organizations and financing programmes and agencies to provide resources for technical cooperation activities in this area, and also appealed to States, in particular developed countries, to increase voluntary financial contributions and to provide necessary expertise for the implementation of such activities.

4. Trade policies and trade expansion

Objectives

76. A number of projects were carried out by the International Trade Division to assist developing countries or countries in transition (or groups of them) to improve or adapt their trade policies in the context of the rapidly changing regional and international environment.

Features/outputs/results

77. The activities of the main projects undertaken in 1995 are reported below.

Development of intra-CIS and Baltic States trade, payments and enterprise cooperation

78. A project was undertaken in the context of the breakdown of the former Soviet Union, which seriously affected trade and enterprise cooperation between the new States established on its territory and led to a sharp decline in production and employment.

79. A workshop to discuss ways and means for the revival and expansion of mutual trade, as well as to assess, together with representatives of donor agencies, in the light of ongoing technical assistance, the needs and potential for international support, was organized in Chisinau, Moldova, from 9 to 12 January 1995. Participants included ministers, deputy ministers and senior officials from CIS countries and Estonia, as well as representatives of the business sector. In addition, several international experts from UNDP, UNCTAD, UN-ECE, the International Trade Centre UNCTAD/GATT, WTO, IMF, and the Commission of the European Union, as well as representatives of Finland, Germany, Netherlands, Romania, Turkey, the United States of America, the World Bank and the International Committee for Economic Reform and Cooperation also participated.

80. A Final Act was adopted, containing concrete recommendations, inter alia, in the fields of: trade expansion, regional payments and financing, and enterprise cooperation. It also provides guidance regarding areas in which regional technical cooperation will be needed. The Final Act, the studies discussed and statements delivered on the different items of the agenda, or summaries of them, were published in UNCTAD/ITD/MISC.32 and Add.1.

Regional economic arrangements and their relationship with the multilateral trading system

81. A seminar on the above subject was convened by the TDB from 15 to 17 January 1996. The meeting benefitted from a financial

contribution from a bilateral donor, essentiuallz to conduct regional background studies, as well as to finance particiupation from certain least developed countries. The seminar aimed at assessing new opportunities and challenges arising from regional arrangements for developing countries and economies in transition, and at exploring possible policy responses. Documentation was prepared by the UNCTAD secretariat. Delegations from 79 countries, including 54 developing countries, as well as observers and representatives from secretariats of regional integration groupings, participated.

82. The seminar made an important analytical contribution in the area of expanding regional integration, including: (i) identification of major areas of concern, as well as new opportunities for developing countries and economies in transition; (ii) analysis of the expansion of economic integration into new policy areas; (iii) establishment of criteria for outward-oriented orientation and open regionalism; (iv) assessment of the impact of large economic spaces on the multilateral character of the international trading system; and (v) strengthening of the analytical capability of policy-makers from LDCs and other low-income developing countries regarding the implications of large economic spaces and regional integration arrangements.

Trade relations and economic cooperation in the mediterranean region

Development Context

83. In the context of the EU's new Mediterranean policy, which envisages the establishment of a Euro-Mediterranean Free Trade Zone by the year 2010 and involves a new series of association agreements, a project was implemented which aims at assisting in the strengthening of economic and trade cooperation in the Mediterranean region. The project provided technical support to the concerned government officials and information and training to the private sector on the content of the Euro-Mediterranean Free Trade Area Agreements in the light of the commitments undertaken within WTO, advising on the adjustments required to adapt to the new environment and addressing the specific implications which arise from the implementation of the commitments.

84. Activities in 1995 included advisory missions and workshops to support negotiating capacity and assist in evaluating the implications of implementing the specific provisions of the Association Agreements and the trading opportunities under relevant GSP schemes. These activities were supported and complemented by TRAINS, which provides up-to-date computerized information on relevant preferential agreements. Workshops were organized in the Syrian Arab Republic, Jordan, Lebanon and Egypt, and advisory missions were conducted to the West Bank and Gaza, as well as to Lebanon and the Syrian Arab Republic, both to prepare for and to follow-up on the workshops. Various missions were also carried out to Egypt to consult with the Partnership Unit negotiating the Euro-

Mediterranean Agreement and provide specific advice on the phasing-in of trade liberalization on industrial products, rules of origin, and technical barriers to trade.

85. Based on the experience of these workshops and advisory missions, in particular as regards the challenges and opportunities stemming from the EU's new Mediterranean policy, the project contributed to other important meetings held in the Arab and European regions, providing materials and lectures to the Forum Civil held after the Barcelona Conference and the First Arab International Management Conference on Free Trade in Goods and Services in Beirut.

86. The project carried out research work, both independently and in collaboration with Research Centres and Universities in Europe and the Arab region. The resulting studies, handbooks and handouts deal with specific issues raised by the Euro-Med agreements such as access for agricultural products, rules of origin and preferential tariff rates.

87. The project is planning to develop a Mediterranean component of TRAINS which will include all preferential tariff information available for countries of the region, and contacts were established and progress made toward the development of an Arabic version of the software.

88. Overall, the project has contributed to addressing issues which may have a fundamental bearing on the future of the EU/Mediterranean countries, which include:

- Trade liberalization in respect of EU industrial products;
- Markets for agricultural exports, which are of particular interest to the Mediterranean countries;
- Competition law, intellectual property rights.

89. **Nicaragua - trade policies:** There has been a growing awareness in Nicaragua of the importance of trade policy and negotiating issues in the country's development strategy. The main areas of interest where UNCTAD was requested to intervene were: export promotion laws; building of Nicaragua's negotiation capacity for participation in different trade negotiating fora; and analysis of Nicaragua's trade relations with the United States, Mexico and Central America.

90. The objective of UNCTAD's assistance was to increase the Nicaragua authorities' knowledge and skills in respect of the management of foreign trade in the context of structural adjustment. The project supported the transition of Nicaragua to a free market economy. In 1995, the main outputs were reports on the main strategic trade policy orientation of Nicaragua and on proposals for a law for the promotion of exports.

91. **Syrian Arab Republic - trade policy:** As part of an ITC project, UNCTAD advised the Syrian authorities on ways, means and options for strengthening the national capacities in respect of reviewing and reforming the external trade sector. A comprehensive study for this purpose was completed in 1995 and submitted to the Syrian authorities for their comments and observations. The study is intended to serve as one background document to be presented to a national round table on the Syrian external trade sector.

5. Generalised system of preferences and other trade laws

Development context

92. The conclusion of the Uruguay Round resulted in the reduction of MFN rates and changes in GSP rates and schemes, as well as the creation of a new set of rules having a bearing on the operation and implementation of trade laws regulating market-access conditions. Other forms of preferential arrangements such as bilateral free-trade-area agreements with relevant rules of origin regulations also play an important role in shaping the international environment.

93. Although in certain sectors protection has been reduced or even removed, substantial duties still remain in important export sectors of developing countries. Furthermore, many low- and middle-income developing countries have not yet achieved a sufficiently high level of export development and diversification for a real take-off, so that GSP remains important for traditional and non-traditional export sectors alike.

Objectives

94. The programme aims at contributing to the expansion and diversification of exports from developing countries, increasing GSP utilisation and providing government officials and those in the private sector with a better understanding of trade laws governing market access conditions in major preference-giving countries.

Features

95. Technical cooperation activities are directed at providing recipient countries with the expertise necessary to resolve difficulties encountered in GSP utilization and, more broadly, on conditions relating to market access. The programme contributes, through the project TRAINS for GSP, to the updating of the GSP component of TRAINS (see section H.1/ below), thus increasing the information on GSP and other preferential tariffs available to developing countries.

96. In 1995 activities included a specialized workshop on rules of origin, held in Indonesia, and a subregional seminar on market access for selected East-Asian countries, held in Malaysia. This latter activity focused on anti-dumping regulations and rules of origin. Such workshop-type training activities focusing on

specific schemes or topics are becoming increasingly popular, as they reflect the advanced stage of economic development and export-supply capabilities of countries in the region.

97. Two national seminars on GSP and the new international trading system were held in Sri Lanka and the Lao People's Democratic Republic. Since these countries are currently experiencing substantial growth in foreign direct investment, the activities held have been particularly welcomed and exploited by the recipient countries. National seminars on GSP and other trade laws were also held in Peru and Honduras.

98. Advisory missions on GSP were conducted in Mongolia, the Democratic People's Republic of Korea and Cambodia. These advisory missions aim in particular, at training government officials and representatives of the private sector on the technicalities of rules of origin, in both the GSP and non-preferential contexts.

99. Through participation in the Afro-Arab Trade Fair held in Johannesburg, information on the revised GSP schemes was given widespread dissemination. UNCTAD had its own stand and provided lectures on, inter alia, the different preferential schemes available to Afro-Arab countries.

Output/results

100. These activities are expected to increase utilization of the GSP schemes, as well as total exports towards preference-giving countries. As a result of the activities of the programme, private exporters and government officials are more aware of the tariff advantage and margin of preference available for GSP-covered products and are thus in a better position to exploit the opportunities provided by the GSP in the context of the new trading rules following the Uruguay Round.

101. Knowledge of the procedures regulating anti-dumping investigations may assist Governments and affected private exporters to deal better with the questionnaires sent by investigating authorities and avoid higher anti-dumping duties based on "best information available".

102. The correct issuance and verification of rules of origin certificates may avoid investigations and the retroactive payment of duties. In Cambodia, for example, the assistance provided resulted in a request for a derogation on rules of origin for textile products under the European Union scheme. This derogation, if accepted, could potentially save the newly established textile factories in Cambodia from retroactive duty payments for the last three years.

103. The GSP component of UNCTAD's Trade Analysis and Information System (TRAINS) -(see section H.1/ below) has proven to be an

important tool for rapid communication of data from the Geneva-based programme to GSP focal points and the export sector in preference-receiving countries. The information has helped exporters in preference-receiving countries with market research and analysis and the identification of export opportunities in preference-giving countries.

D. Division on Transnational Corporations and Investment and Division for Science and Technology

104. **Transnational Corporations and Science and Technology:** Since 1994, the major part of technical assistance activities of the Division on Transnational Corporations and Investment (DTCI) have been merged with those of the Division for Science and Technology (DST) to form the Advisory Services on Investment and Technology (ASIT).

105. While the delivery of the technical assistance programmes continued to improve (exceeding US$ 2 million 1995), it still fell short of the programmes' performance prior to their transfer from New York to Geneva in 1993. The primary reason for this remains the relatively low level of staff and of extra-budgetary resources.

1. Privatisation

Development context

106. At the request of, and in co-operation with, the Government of Zimbabwe, a privatization seminar was held in Harare from 22 to 24 March 1995.

Objectives/Features

107. The objectives of the seminar included:

(i) Demonstrating benefits to be gained from public enterprise reform and privatization;

(ii) Providing participants with an overview of issues involved and country experiences in public enterprise reform and privatization;

(iii) Presenting the critical factors and options available in designing and implementing privatization programmes;

108. Issues dealt with included: (i) privatization objectives and strategy; (ii) forms of privatization; (iii) competition and regulation; (iv) privatization of infrastructure; (v) social impact and support measures.

109. Participants were representatives of national agencies in charge of designing and implementing policies on privatization or

other forms of public enterprise reform, officials from sectoral ministries, chiefs or senior executives of public enterprises, officials from trade unions and representatives from the private sector.

Output/results

110. The seminar concentrated its attention on non-divestiture options such as commercialization and corporatisation, both of which were seen by participants as the most appropriate forms of enterprise reform, given the political and economic situation in the country. It contributed significantly to the identification of conditions that would make corporatisation work in Zimbabwe. The learning experience was particularly appreciated by the executives of various public utilities and of the Central Bank.

111. Since the country was at that time in the run-up to general elections, senior policy-makers were somewhat cautious about taking a position on privatization and public enterprise reform. However, since the elections, the new Government has given these issues a prominent place in its programme. The seminar can claim to have contributed to this adjustment in the country's economic policy.

2. Accounting: International Standards of Accounting and Reporting (ISAR)

Development context

112. Accurate and understandable financial information is necessary to enable Governments and investors and other users of financial information to make informed financial decisions. In order to attract foreign investors, enterprises must be able to instil confidence in their financial statements.

Objectives

113. The programme's aim is to assist Governments and enterprises to formulate and implement accounting and auditing laws and standards, together with other relevant regulations according to internationally accepted accounting principles.

Features

114. Technical assistance projects have been developed over many years by the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), and are considered to be objective and suited to the needs of investors, creditors, Governments and other interested users. They are consistent with the international standards formulated by the International Accounting Standards Committee and the International Federation of Accountants, as well as the European Union directives. The UNCTAD programme puts these international

standards in a form usable for developing countries and countries in transition, which have many difficulties with interpretation and implementation.

115. The programme is implemented using two distinct methods. Firstly, at the annual sessions of ISAR, experts discuss and approve technical reports and publications. Standard setters, regulators, academics and practitioners from approximately 30 developing countries and countries with transitional economies participated in the 1995 and 1996 annual sessions. All materials produced by ISAR are distributed to countries and interested programmes by the usual channels, including the extensive "outreach" programme of the Accounting Section. Secondly, country specific activities take place.

Outputs/results

116. Examples of results at the national level are described below.

- Uzbekistan: An ongoing two-year (1994-1996) project began to wind down its activities at the end of 1995 following the successful introduction of a production cost regulation which enables enterprises to calculate net profit in accordance with generally accepted international accounting principles which at the same time reconcile the accounting profit to taxable profit. Uzbekistan is the first country within the former Soviet Union to make this distinction, which is a fundamental concept in most developed countries. More than 6,000 accountants were trained using materials developed by the project. The accounting and auditing laws developed by the project are about to be passed by Parliament; once this is achieved, a series of short seminars will be organized in order to ensure the implementation of the law. A second phase of this project will be funded by the EU, and UNCTAD intends to participate in the tender.

- Azerbaijan: A project is being implemented along lines similar to the Uzbek project, but its activities have been expanded to include not only the development of laws and standards but also considerable retraining of auditors. It is planned to adapt the materials developed in the Uzbekistan project to the greatest extent possible so that accounting systems are comparable across the Commonwealth of Independent States (CIS).

- China: More than 60 senior managers were trained in modern financial management and accounting principles commonly understood in Western countries. Subjects covered in the four-day seminar included: international financial accounting; business and organization structures; financial statement analysis; and budgeting and planning.

- **Commonwealth of Independent States:** UNCTAD helped organize and conduct a two-day conference in Almaty, Kazakhstan, for the Coordinating Council on Accounting Methodology of the CIS, of which UNCTAD was a founding member. The conference allowed 12 countries of the former Soviet Union and Mongolia to benefit from a free exchange of experiences and difficulties encountered in the accounting reform process. Through the development of this network, it is envisaged that accounting standard-setters from within the region will be able to intensify their efforts to develop accounting laws and standards appropriate for their countries and compatible with generally accepted international standards and principles. An accounting information newsletter was established, and UNCTAD contributed to the information. UNCTAD also conducted a survey among all CIS countries on the status of accounting and auditing reform and co-ordinated a seminar for auditors in Kiev in June 1996.

3. Policy framework for attracting foreign investment : FORINVEST

Development context

117. More and more developing countries are seeking investment by transnational corporations. The objectives are many: external capital/foreign exchange, exports, employment and training, technology and management and marketing skills.

Objectives

118. The objective of activities in this area is to assist developing countries, in particular their investment promotion agencies (IPAs), in strengthening their capacity to create and manage the policy and conditions in which foreign investment and international business can thrive.

Features

119. FORINVEST provides advisory services and training packages related to investment policy, investment codes and sectoral policies governing the participation of transnational corporations in specific sectors. FORINVEST also assists countries in establishing IPAs or in modernizing and streamlining existing institutions, as well as in developing and instituting mechanisms for promoting and facilitating investment and for gaining access to global market information.

Outputs/results

During the reporting period, components of the FORINVEST programme were implemented in the following countries: Albania, Algeria, Bangladesh, Bolivia, Cameroon, Colombia, Ethiopia, Ghana, Haiti, India, Indonesia, Kazakhstan, Kenya, Lebanon, Pakistan, Palestine, Philippines, Sao Tome and Principe, South Africa and the United Arab Emirates. A number of regional and interregional initiatives were also undertaken. The following cases exemplify how the programme was implemented:

- **Albania:** Assistance was provided to the Government through the organisation of study tours and training courses in Belgium and Ireland for senior staff of the Albanian Centre for Foreign Investment Promotion. The Centre was assisted in computerizing its investment registration and monitoring system and in carrying out financial analysis studies of 16 investment projects in Albania. Support was also given to investment promotion missions by high level government officials to Austria, Italy and Switzerland.

- **Bolivia:** Technical assistance was provided to the Government on how to design and implement a strategy to develop international competitive advantages. Specific sectors and products were identified. The role of Government in this process was examined, and specific recommendations were made to build the national capacity to increase the competitiveness of Bolivian goods and services in international markets, and to market Bolivia as an investment location for foreign companies.

- **Kazakhstan:** In January/February 1995, a joint UN/Government mission, led by UNCTAD, visited five large enterprises located in company towns to identify the huge economic and social problems related to the transitional period and the breakdown of the former economic system. The joint mission included experts from UNCTAD, UNIDO, ILO, UNV, EBRD and ADB, as well as from the Kazakh Government. The report of the mission was presented to a donor round table, as well as to a Government seminar in May 1995. The proposed programme of technical assistance was discussed at a high-level meeting with the Government in Vienna in August 1995. The approach adapted at this meeting considers restructuring of the large enterprises and the creation of new employment in the company towns as of utmost importance. Consequently, the Government created an inter-ministerial Committee headed by the Minister of the Economy to manage the restructuring of large industrial enterprises and the rehabilitation of Kazakhstan's company towns.

- **South Africa:** Substantive assistance was provided in organizing and conducting the President's Conference on Small, Medium and Micro Enterprises (SMMEs), which took place in March 1995. This highly successful Conference, involving 2,000 participants from small and big businesses, NGOs, international donor agencies, foreign governments and the South African Government, mobilized broad-based support for the Government's White Paper on SMME development and helped formulate the National Programme of Action on Small Business Development in South Africa.

- World Association of Investment Promotion Agencies (WAIPA): In April 1995, a High-Level Meeting of Investment Promotion Agencies (IPAs) was organized in Geneva parallel to the meeting of the Commission on International Investment and Transnational Corporations. This global meeting was attended by representatives of 60 IPAs, who exchanged experiences and information on attracting inward investment. The three-day event included meetings with representatives of the Swiss business community and transnational corporations. At this IPA gathering, it was decided to establish WAIPA and to appoint a Working Group of 15 IPAs to prepare the guidelines for the functioning of WAIPA. Assistance was given to the Philippines Board of Investments in organizing the first Working Group meeting in Manila. The Manila meeting agreed on a Statute for WAIPA, which was sent to all IPAs. The first WAIPA newsletter, produced with the assistance of UNCTAD and UNIDO, was issued in November 1995.

4. Negotiating international business arrangements : TRANSACT

Development context

120. Successful agreements in today's complex international business environment require a command of innovative financial techniques and sophisticated legal and fiscal structures, as well as expertise in a variety of other disciplines.

Objectives

121. The objective of this programme is to assist Governments (and the private sector) in tackling the whole range of issues that arise in their negotiations with foreign investors, especially transnational corporations.

Features

122. TRANSACT provides advisory services and training packages related to investment projects, sectoral regimes, construction contracts and joint ventures, as well as to related technology transfer, finance and taxation issues. During the reporting period, components of the TRANSACT programme were implemented in the following countries: Azerbaijan, China, Colombia, Eritrea, Fiji, Liberia, Malaysia, Oman and the United Republic of Tanzania.

Outputs/results

123. The following cases exemplify how the programme was implemented:

- **Azerbaijan:** In March 1995, a workshop on "Negotiating with Transnational Corporations and Structuring of Joint Ventures" was carried out for government officials and representatives of the private and public sector.
- **Eritrea:** The Ministry of Energy, Mining and Water Resources received assistance through a training programme in petroleum economics and petroleum fiscal systems and received the latest software in this area. Advisory services were provided in the drafting of a model mining contract, and the ministry was also assisted in the procurement of scientific equipment to carry out basic research activities in the department of mines.
- **Oman:** A policy options paper concerning the mining sector was prepared. As a result - and following a mission to Oman in early 1996 - UNCTAD has been asked to implement a technical assistance programme which will modernize Oman's Law on Mining and the related regulations and fiscal regime and will make available model contracts and licenses for the mining sector.

5. Entrepreneurship and SME development : EMPRETEC

Development context

124. Increasing the number of entrepreneurs in developing countries can provide the impetus for a vigorous developmental process, which generates a dynamic business environment with a multitude of new employment opportunities. In many cases, however, market imperfections work against small and medium-size enterprises (SMEs), inhibiting the emergence of entrepreneurs and the growth of SMEs.

Objectives

125. EMPRETEC was established to promote entrepreneurship and SME development, as well as linkages with foreign companies. It aims at stimulating employment-creation investment, technology transfer and exports through development of indigenous entrepreneurs and innovative SMEs.

Features

126. A coalition of public officials, entrepreneurs, corporate managers, bankers and executives of transnational corporations facilitates the access of SMEs to the skills, technology, opportunities, training and information necessary to help them realize their objectives, expand their activities and establish

productive, stable linkages with foreign companies. The EMPRETEC programme focuses on the selection of promising entrepreneurs, entrepreneurship training workshops, assistance in enterprise creation, provision of business support, and the establishment of an entrepreneurs' network. The programme aims for each project to be self-sustainable at the end of UNCTAD's typical four-year involvement. The EMPRETEC programme is implemented in cooperation with the UN Department for Development Support and Management Services (DDSMS). Specific activities are undertaken in cooperation with ILO, ITC and UNIDO.

127. Since EMPRETEC's inception in 1988, the programme has become operational in Argentina, Brazil, Chile, Colombia, Ethiopia, Ghana, Nigeria, Uruguay, Venezuela and Zimbabwe, assisting more than 5,000 entrepreneurs through 22 market-driven local Business Support Centres. New projects are being initiated in Angola, Botswana, Equatorial Guinea, Peru and South Africa. Projects are also under preparation for Bolivia, Burkina Faso, the Caribbean, Central America, Pakistan, Paraguay, the Philippines and Viet Nam. A major new initiative on "enterprise-African" will be launched by the Regional Bureau for Africa at the end of 1996 within the framework of UNDP's 6th programming cycle. The programme is being implemented in cooperation with DDSMS.

128. The EMPRETEC projects in Latin America and in Ghana and Nigeria are now self-sustaining. In Africa, UNCTAD is implementing the project in Zimbabwe and DDSMS the project in Ethiopia.

Outputs/results

129. Over 1,000 new participants were trained in 1995, while over 5,000 participating entrepreneurs continue to make use of EMPRETEC's training and networking facilities.

- Zimbabwe: In 1995, 120 entrepreneurs benefited from the entrepreneurship workshops. To date over 380 entrepreneurs have been trained (some 42% women), including some who are potentially the leading entrepreneurs of Zimbabwe in the next decade. 280 client companies have invested Z$ 60 million in new and expansion projects and created 2,000 new and permanent jobs, and their combined turnover is in excess of Z$ 200 million per year. Six client companies have formed cross-border linkages in the food, light manufacturing, engineering, construction and advertising subsectors. These linkages involve joint ventures, distributorships, and exports of goods and services with the region, Europe and the United States. The project has developed a local entrepreneurship training capacity of eight trainers, five of whom are certified to international standards. The project has built a reputation for excellence as confirmed by companies interviewed by the World Bank mission of November 1995 and by a recent Coopers & Lybrand evaluation. However, the project is below target regarding linkages with larger companies and with TNCs, simply because the effort required to establish these linkages in Zimbabwe was grossly underestimated; in addition, the inflow of new foreign investment has been unexpectedly small.

6. Other investment-related activities

130. The Division on Transnational Corporations and Investment carried out a number of other investment-related activities under various small interregional projects. The main ones are:

- The project on Transnational Corporations and Industrial Restructuring in Developing Countries examines the extent to which TNCs are contributing to industrial restructuring in developing countries and, in this manner, to increasing their competitiveness, and how developing-country Governments can promote industrial restructuring and, more specifically, their competitiveness, through inward FDI policies. The project is implemented in Chile, Costa Rica, the Dominican Republic, Malaysia, Mexico, Morocco, Thailand and Zimbabwe.

- The project on the Tradability of Services: Impact and Implications for Developing Countries analyzes the impact of modern information and telecommunication technology on the tradability of consulting and telecommunication services, and draws conclusions on the implications for developing countries.

- The project on the Expansion of Foreign Direct Investment and Trade in Services(EFDITS) examines how the efficiency of existing domestic capacities in the services sector in developing countries (recognizing that a healthy and expanding services sector is critical to development) can be improved through the participation of foreign services providers. The EFDITS project has been implemented in Tunisia, Uganda and Uruguay, and is currently being carried out in Thailand.

- The project on The New Globalism and Developing Countries: Investment, Trade and Technology Linkages in the 1990s takes a close look at the interrelationships between foreign direct investment, trade and technology in the context of international production and examines the need for a holistic policy approach towards the modalities of international transactions, particularly in the context of international production, the need for policy coherence, and the framework for international production.

- The Division's technical-assistance-related activities in 1995 were also supported by a number of associate experts.

7. Science and technology

Commercialization of Science and Technology : COMSAT

Development context

131. Many economies in transition possess considerable scientific and technological capacity which could be, and in some cases is already being, developed and commercialized. However, the process of securing financing for R & D purposes, protecting the intellectual property that results from such research, and effectively linking the R & D activities with industry have proven difficult in the new market-oriented environment. Equally difficult has been the process of licensing this technology abroad or forming joint-venture arrangements with foreign partners.

Objectives

132. The objective in this area is to assist economies in transition (and developing countries) in strengthening their existing scientific and technological structures and institutions, and to assist in marketing related products and services internationally.

Features

133. COMSAT focuses on the following activities: prioritization of those areas in which science and technology-related products and services are likely to have a comparative international advantage, training private sector managers and government officials, establishment of international linkages, commercialization of domestically developed technology, development of marketing skills and strategies, and encouragement of R & D linkages.

Outputs/results

134. During the reporting period, components of the COMSAT programme were implemented in Belarus and Uzbekistan.

- Belarus: The implementation of an action plan, submitted by UNCTAD in 1994, to build Belarus' capacity to commercialize science and technology internationally in a competitive and sustainable manner began in 1995. Preparations were made for a slew of advisory and training activities, the first of which were carried out in early February 1996. Advisory activities focused on evaluating the products and services of science and technology from both technological and marketing perspectives. Training was aimed at strategic planning, marketing and promotion, finance, intellectual property protection and international negotiation.

- **Uzbekistan**: To follow up on technical assistance delivered in 1994, UNCTAD sent a mission to Tashkent to discuss the findings and recommendations of a report submitted then. The report provided a diagnosis of the science and technology sector, identifying areas of expertise, products and ideas with quality technological expertise and market potential. It included recommendations for national capacity-building to commercialize science and technology internationally in a competitive and sustainable manner. An action plan and two project documents were submitted.

Capacity-building

Development context

135. The capacity-building process is not instantaneous, costless or automatic: apart from physical inputs, it calls for education and technical training, information and services, R&D facilities, internationally recognized standards and an adequate enabling environment. Advanced industrial countries, as well as many developing countries, have developed explicit or implicit science and technology policies to facilitate the emergence and development of such capabilities and enabling structures and to identify research priorities.

Objectives

136. The objectives here are to strengthen the scientific and technological policy-making and implementation in developing countries, particularly the LDCs; enable developing countries and economies in transition to take advantage of innovative patterns of R & D community/enterprise cooperation in commercializing and applying technology in order to benefit from the potential of emerging forms of partnerships; and thereby assist these countries in preparing to compete successfully in today's globalizing world economy.

Features/output/results

137. The main activities are described below:

- **Thailand**: Thai consultants prepared reports on the building of indigenous capacity concentrating on human resources development, private sector R&D, and the industrial standards system. The Ministry of Science, Technology and Environment (MOSTE) and UNCTAD agreed to hold an evaluation meeting linking this activity to MOSTE's efforts to establish a 20-year-Master-Plan on S&T Human Resources Development;

- **Asian region**: In cooperation with the Asian and Pacific Centre for Transfer of Technology (APCTT) of

ESCAP, a workshop was held in New Delhi in November 1994 aiming at fostering cooperation between the R&D community and the enterprise sector for the commercialization and application of technologies. With UNCTAD's substantive support, in 1995 APCTT issued a publication summarizing the main ideas and proposals resulting from the meeting under the title "R&D Community-Enterprise Cooperation in Technological Research and Commercialization of Results". Also as a follow-up to the New Delhi workshop, a project proposal for the development of regional networks was prepared in 1995, together with APCTT, and submitted for funding.

- Latin America (LATINTEC): As a follow-up to the findings and recommendations of the Latin American Workshop of Experts and Coordination, held in Buenos Aires, Argentina (1993), UNCTAD has been assisting institutions in the region to develop LATINTEC, a regional proposal for strengthening linkages between universities and the productive sector in Latin America. In September 1995, UNCTAD participated at the ALTEC Meeting on Technology Management, in Concepción, Chile, and contributed to the outline of main elements of the LATINTEC proposal. A revised version of the proposal is being considered.

- Least developed countries Under a project specially designed to foster technological capacity-building in the least developed countries, case studies were prepared on Bangladesh, Ethiopia, Nepal and the United Republic of Tanzania. The report's recommendations on measures for strengthening technological capacities were discussed at the Workshop on Selected Cooperation Aspects for Technological Capacity-building in developing Countries, held in Geneva in April 1995 (see below), and the project's policy conclusions were distributed widely to end-users.

- Technology partnership: In cooperation with the Technology Partnership Initiative (TPI) of the Department of Trade and Industry and the Overseas Development Administration (ODA) of the United Kingdom, a workshop on "Selected Cooperation Aspects for Technological Capacity-building in Developing Countries" was held in Geneva, in April 1995.[7] The Workshop focused on two major areas: (i) field findings and experiences with regard to capacity-building, including a specific focus on LDCs; and (ii) initiatives and programmes, including those aiming at fostering technology partnerships between firms from developing and developed countries. A publication entitled "Technological Capacity-building and Technology Partnership: Field Findings, Country Experiences and Programmes" (UNCTAD/DST/6) and also including the above-mentioned reports on Ethiopia, Bangladesh, Nepal and the United Republic of Tanzania, was also issued. As follow-up to the Workshop, a study was initiated in 1995 to examine the potential of technology partnership for enterprise development in the developing world.[8]

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[7] For details, see "Report of the Workshop on Selected Cooperation Aspects for Technological Capacity-building in Developing Countries" (UNCTAD/DST/7).

Advance technology assessment (ATAS)

Development context

138. Information technology (IT) has a major impact on the global economy, primarily on information processing, provision of social services, productivity and competitiveness. This trend will continue into the next millennium. For developing countries to be able to compete in the global market place, they will need to take advantage of the potentials of IT.

Objectives

139. The main objective of the ATAS programme is to keep developing country Governments, academics, and the public and private sectors informed about the on going developments in IT by publishing and widely distributing a broad cross-section of views on the subject by policy-makers and experts in the field.

Features/output

140. The ATAS Bulletin is a vehicle for strengthening endogenous capacity-building, particularly in developing countries. The tenth issue of the ATAS Bulletin (Advance Technology Assessment System) was published during the reporting period and given wide distribution. The initial 4,000 copies produced have been exhausted. Some were used at a workshop organized by the Commonwealth Secretariat for senior information officials from African Commonwealth countries held in Nairobi (March 1996). Similarly, 200 copies were requested by South Africa's Council for Scientific and Industrial Research (CSIR), the Development Bank of South Africa and IDRC, as a background document for the Conference on Information Society and Development (ISAD), held in South Africa in May 1996.

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[8] "Emerging Forms of Technological Cooperation: The Case of Technology Partnership" (NCTAD/DST/13).

141. An abridged version of the Bulletin, "entitled Information Society and Development", was also published, in response to a request from the European Union. This was used as a background document for a conference held in Midrand (May 1996), organized by UNCTAD in cooperation with South Africa and the European Union.

Science, technology and innovation policy reviews (STIP)

Development context

142. In many developing countries, prevailing science and technology policies were formulated at a time in the past when the existing economic framework, both domestic and international, was very different from the current market-oriented global economy. Given the constant changes in the technological and economic environment, there is need to ensure that science and technology policy are, as a minimum, in consonance with these changes.

Objectives

143. The objective of science, technology and innovation policy reviews is to help concerned countries evaluate the contribution of science and technology policies and institutions to the development of their enterprises, including their international competitiveness, in order to strengthen the relevance of such policies and institutions to the industrial sector.

Features/activity

144. The activity combines analytical work, based on current work of the UNCTAD secretariat, and technical cooperation components by which countries are advised on developing options. In response to a government request, UNCTAD, jointly with CSTD, sent a review mission of five experts to Colombia in June 1996. The was the second part of the STI exercise, the first being the programming mission which took place in December 1995.

Output

145. The main output was a substantive contribution to the ongoing review of the science, technology and innovation policies of Colombia which would constitute the main basis of the final report to be published.

E. Division for the Least Developed Countries

1. Least developed countries

Development context and objectives

146. The challenges facing LDCs in the second half of the 1990s are to reverse the decline in economic and social conditions, to promote sustainable economic growth, development and structural transformation and to avoid becoming further marginalized in the international economy. These are the objectives of the Programme of Action for the LDCs (1990) and the Mid-term Global Review on the Implementation on the Programme of Action (1995).

Features

147. In 1995 the focus of the technical assistance activities backstopped by the Division for LDCs related to the preparations for the High-level Intergovernmental Meeting on the Mid-term Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the 1990s (New York, 28 September - 16 October 1995). To assist the intergovernmental dialogue, UNCTAD set in motion a number of preparatory activities.

148. Three expert group meetings were convened for the purpose, for which UNCTAD co-ordinated the preparation of background studies. The first such meeting was held at Niamey in January 1995 on the role of women in the development of the least developed countries. Detailed recommendations were made for priority action to this end and for the incorporation of women's concerns into mainstream development were ....(TD/B/LDC/GR/2 dated 5 April 1995).

149. A second expert group meeting, on fiscal policy reforms in the least developed countries, was convened at Geneva in March 1995. The expert group discussed different options available in the field of tax reforms and explored ways for raising revenue in these countries. The main conclusions and policy implications emerging from the deliberations are contained in document TD/B/LDC/GR/1, dated 27 April 1995.

150. A third expert group meeting on trade diversification in the least developed countries was organized at Geneva in April 1995. The experts at this meeting examined the potential for trade diversification in least developed countries, constraints on diversification and the required national and international support measures. They adopted a number of conclusions and policy recommendations, which are contained in document TD/B/LDC/GR/3, dated 17 May 1995.

151. Issues of external finance, debt and trade were the subject of a special high-level panel, with the participation of distinguished specialists in the fields concerned, organized

during the Donor-Recipient Meeting in May 1995. The panel provided innovative ideas and recommendations, including specific proposals concerning a debt strategy for the least developed countries.

152. The activities enumerated above contributed to improved and effective participation of LDCs in both the preparatory work and at the Mid-term Review Meeting and contributed to the successful outcome of the Meeting.

153. In parallell, analysis was undertaken of the development and current state of financial systems in LDCs. The country studies document the experience to date of financial sector reforms in Bangladesh, the Lao People's Democratic Republic, Malawi, the United Republic of Tanzania, Uganda and Zambia. The process of globalization and market-opening in the financial sector poses new opportunities for LDCs, but has also increased their vulnerability to external developments. Recommendations were made which are of direct value to those engaged in the design and implementation of financial sector reforms in LDCs and can assist donors in formulating their technical assistance programmes.

154. A further interregional project was aimed at strengthening national capabilities for the mobilization and allocation of resources for development in LDCs. Policy recommendations were presented in an overview study based on four country studies (the Lao People's Democratic Republic, Vanuatu, Lesotho and Madagascar). The findings of the studies could also be used to devise training modules.

2. Land-locked developing countries

Development context

155. Land-locked developing countries need improved physical infrastructure facilities and services along transit corridors in order to overcome the particular handicaps resulting from their geographical situation.

Objectives

156. The objectives in this area of activity are to assist the land-locked developing countries in improving the efficiency of transit transport systems by streamlining administrative, management and operational practices and establishing appropriate institutional arrangements for transit transport cooperation between land-locked and transit countries.

Features

157. Land-locked countries and their transit neighbours are provided with advisory services aimed at streamlining customs transit documentation, promoting more efficient road, rail and waterway transit traffic operations, improving the quality of related services such as transit insurance, clearing and freight forwarding and management of transit warehouses, promoting the adoption and implementation of transit agreements, training transit managers and operators and strengthening institutional capacities in the transit transport sector.

Outputs/results

158. During the reporting period a comprehensive study of the transit transport system of Central Asian countries was undertaken under a technical assistance project entitled, "Central Asian External Trade and Transit Transport Initiative: Rebuilding the Silk Road". The study, which covered Afghanistan, Azerbaijan, China, Georgia, the Islamic Republic of Iran, Kazakhstan, Kyrgyzstan, the Russian Federation, Tajikistan, Turkey, Turkmenistan and Uzbekistan, identified inter alia current and prospective alternative corridors linking the Central Asian countries with international sea ports and outlined the physical and non-physical bottlenecks along these corridors. The study was the main substantive input for a Technical Meeting on Central Asia, which was organized by UNCTAD in co-operation with the Government of Turkey in Ankara, Turkey from 7 to 9 November 1995.

159. The Meeting concluded that the opening-up of new corridors and routes and the improvement of existing ones will greatly assist Central Asian countries and their transit neighbours in gaining access to world markets. In this context, the Meeting gave high priority to the development of two corridors: (1) the trans-Caucasian corridor from China to the Black Sea via the Caspian Sea, and; (2) the shortest access to the Indian Ocean through the Islamic Republic of Iran. Furthermore, the Meeting recommended that the Central Asian countries and their neighbouring transit countries should adhere to relevant international conventions that promote transit facilitation. UNCTAD was called upon to provide assistance in this regard.

160. With regard to the follow-up of earlier technical assistance programmes in Africa, the 12th meeting of the Transit Transport Coordination Authority (TTCA), attended by the ministers of transport from Burundi, Kenya, Rwanda, Uganda and Zaire in Kampala, Uganda, considered the proposals made by UNCTAD and the Permanent Secretariat of TTCA for relaunching the transit transport project for East/Central Africa which was previously funded by UNDP and executed by UNCTAD. The meeting decided that the Chairman of TTCA should approach donors in order to solicit resources to revitalize the project.

F. Division for Economic Cooperation among Developing Countries and Special Programmes

1. Poverty alleviation

Development context

161. The fundamental way to alleviate and reduce poverty in developing countries is through the creation of additional low-skill jobs and livelihoods. The comparative advantage of developing countries in international trade lies in this low-skill, low-wage labour. The Uruguay Round and regional trade agreements such as NAFTA have made possible the fuller participation of developing countries in the international division of labour. A development strategy that encourages production for export can thus result in the creation of additional jobs that will help alleviate and reduce poverty.

Objectives

162. The overall objective of UNCTAD in this respect has been to contribute to the improvement of policies gained through alleviation of poverty through an unexchange of national experiences. In 1995, the particular focus was on policies for alleviating poverty through international trade.

Features

163. An interregional workshop entitled "Poverty Alleviation through International Trade" was held in Santiago, Chile, from 10 to 13 January 1995. The workshop consisted of exchanges of national experiences regarding successful examples of poverty-alleviating (a) small-scale, export-oriented manufacturing enterprises and (b) smallholder-based, non-traditional agro-export production and processing.

Outputs and results

164. Analytical and procedural reports of the workshop were prepared by the UNCTAD secretariat for the third session of the Standing Committee on Poverty Alleviation. These reports are entitled "International trade and poverty alleviation through international trade" (TD/B/CN.2/13), of 13 March 1995, and "Report of the Workshop on Poverty Alleviation through International Trade" (UNCTAD/ECDC/PA/1), of 18 May 1995. One result of the workshop, therefore, was the policy guidance on the subject of the workshop received by member States through the Standing Committee on Poverty Alleviation.

165. A follow-up mission was carried out to Bolivia during May 1995 to evaluate and help prepare a project proposal on poverty alleviation through agro-export (floricultural) production.

2. Economic cooperation among developing countries

Trade financing in the context of regional and subregional arrangements

Development context

166. The mechanisms for financing trade among developing countries are often weak, rendering trade flows between these countries difficult. There is a need to strengthening trade-financing facilities at the country level.

Objectives

167. However, in light of the modest market-size of many developing countries and the smallness of many of their enterprises, there might be a need to evolve suitable subregional or regional cooperation mechanisms in the field of trade financing.

Features

168. Regional and cross-regional workshops are organized for the exchange of experiences and information between developing countries, with developed countries, and with countries in transition on main issues, new instruments and practical modalities of trade financing that are likely to emerge in the second half of the 1990s.

Outputs and results

169. In the course of 1995, the UNCTAD secretariat:

- Reviewed 140 national and regional institutions and found that practically all of them needed strengthening, particularly as regards export credits, guarantees and insurance mechanisms;

- Prepared background notes analyzing several existing mechanisms with a view to evolving features and characteristics of prototype models for trade financing agencies;

- Actively participated in the round table on "Ways of financing trade and investment in the economies in transition" organized by the Economic Commission for Europe in Geneva in December 1995. It made available a briefing note describing the ongoing work of the UNCTAD secretariat on trade-financing issues in developing countries. The meeting appreciated this contribution to its deliberations and expressed the hope that technical advice concerning the establishment of trade-finance facilities in CIS countries might be forthcoming.

The evolution of clearing and payments arrangements

Development context

170. Payments and clearing arrangements are important modes of interaction between countries, particularly in the context of economic cooperation and integration efforts. They are essential in ensuring that international commerce and trade flows can take place smoothly in situations in which full convertibility is not yet achieved. The widening and deepening of payments arrangements might bring with it vital externalities with regard to financial cooperation and the emergence of sub-regional capital markets.

Objectives

171. Technical cooperation activities relating to payments and clearing arrrangements, as well as emerging regional capital markets, aim at (i) assuring greater participation of developing countries in international economic relations, (ii) enhancing commercial flows between developing countries and, (iii) facilitating the insertion of small and medium-size enterprises of developing countries in the market place.

Features/outputs and results

172. In 1995, activities concerned the Asian Clearing Union:

- In an operationally oriented study prepared in 1994, entitled "The Asian Clearing Union: An Assessment and Prospects", the UNCTAD secretariat explored the practical aspects of a broadening the scope, functions and operations of the Asian Clearing Union (ACU); an UNCTAD resource person actively participated in the Meeting of the Board of Directors of the Union, which took place in Colombo, Sri Lanka, from 2 to 7 May 1995. The main issues under discussion included the expansion of membership, the rules of ACU in relation to the advent of convertibility in the region, and the prospects for enhancing the role of ACU; the presentations and analytic background material presented by the UNCTAD secretariat assisted the Board of Directors in its discussion of the technical aspects of changes in the rules of settlement and clearance under convertibility.

Technological cooperation among developing countries

Development context

173. Developing countries, particularly the least developed among them, experience major difficulties in keeping up with the rapid pace of technological change.Technological cooperation among developing countries, and triangular cooperation with developed countries, are intended to enhance technological capacity-building efforts and to address the main weaknesses associated with lack of information, the small size of enterprises, and the modest financial and human resources devoted to R&D.

Objectives

174. A series of intercountry workshops, and follow-up of results, concerning technological cooperation and capacity-building are envisaged.These workshops involve executives, managers, policy makers and experts of country and multi-country R&D institutions, trading associations, business federations, cooperation or integration bodies, policy departments, and non-governmental organizations.

Features

175. The techno-economic issues include (i) the increasing complexity of technologies, (ii) the magnitude of R&D requirements associated with technological change, (iii) the lack of venture capital funds and management resources necessary for the utilization of R&D results and newer technologies, (iv) the obsolescence of research infrastructures and the difficulties in modernizing them, and, (v) the information, skill and human resources profiles that would be desirable to meet the challenges and opportunities of economic growth and competition.

Outputs and results

176. UNCTAD's technical cooperation in 1995 related to:

(i) a publication, including an Executive Summary and Conclusions, on R&D Community-Enterprise Cooperation in Technological Research and Commercialization of Results'; a proposal concerning the establishment of a regional association for the commercialization of R&D results (RACORD) contained therein led to further action, including the nomination of a focal point located at the Asian and Pacific Centre for Transfer of Technology APCTT/ESCAP; an inter-country project in support of RACORD, which was adopted through the mechanisms of APCTT/ESCAP for financing;

(ii) the design and formulation in conjunction with the African Regional Centre for Technology ARCT/ECA and relevant regional and international bodies (public and private), of a workshop- project for Africa concerning technological cooperation and capacity-building.

Evolution of subregional and regional capital markets

177. In the absence of economies of scale at national level, countries could improve subregional and regional capital-market opportunities. Such markets would not only pool risk, ameliorate competitiveness, improve outside confidence in participant countries, and enhance the access of small enterprises to larger markets and financing opportunities. Based on the 1994 study on The Role of Regional Capital Markets in Enhancing Resource Mobilization and in Promoting their Efficient Use, the UNCTAD secretariat proposed, late in 1995, to put in place advisory services concerning the development of regional capital markets and strengthening the interactions among them.

The global system of trade preferences among developing countries (GSTP)

Development context

178. The GSTP came into being after a long process of negotiations during the Ministerial Meetings of the Group of 77. It was established as a framework for the exchange of trade preferences among developing countries. The GSTP now comprises 40 participants, including six least developed countries. Since its entry into force in April 1989, the Agreement on GSTP has been operating smoothly and trade flows under the GSTP have been considerable.

Objectives

179. The Second Round of GSTP Negotiations was launched in Tehran in 1991 with the aim of facilitating the process of accession to the GSTP and carrying forward the exchange of trade concessions. The Negotiating Committee for the Second Round, set up under the Tehran Declaration, established four negotiating groups. These groups cover the following areas: facilitation of accession, product-by-product negotiations, across-the-board tariff negotiations, direct trade measures and non-tariff and sectoral agreements.

Features

180. In the course of 1995, technical support was provided for the implementation of GSTP concessions. Support activities were

related to servicing formal and informal metings of the GSTP bodies. Background and information notes were also provided to developing countries interested in participating in the GSTP. Technical support was to be extended in the area of product-by-product negotiations and across-the-board tariff negotiations, as well as direct trade measures and sectoral and non-tariff agreements.

Outputs and results

181. With regard to facilitation of accession, members of the Group of 77 were called upon to accede to the Agreement and technical assistance was provided to them. Eight countries have applied for accession, namely Colombia, Equatorial Guinea, Kenya, Morocco, Myanmar, Uruguay, Venezuela and Zambia. The GSTP Committee of Participants decided to accept the accession of Colombia, Morocco, Myanmar and Venezuela on the basis of offers submitted by them. Draft protocols were prepared and presented to the Committee of Participants, which adopted them at its eighth session.

182. The necessary arrangements were undertaken to facilitate the process of accession through simplified consultations and negotiations. The Government of Brazil, on behalf of the Governments of Argentina, Paraguay and Uruguay, has communicated to the Committee of Participants the intention of MERCOSUR, the Southern Cone Common Market, to accede to the GSTP Agreement as a subregional grouping of developing countries. In the course of the work on facilitation of accession, special consideration has been given to applications of accession from least developed countries, which are not required to make concessions on a reciprocal basis.

183. In the area of product-by-product negotiations, three sessions of bilateral negotiations were held between countries which have submitted request lists and those to which requests were addressed. Further sessions of bilateral negotiations are planned to take place with a view to completing the presentation, exchange and negotiation of offers. Activities have proceeded in the area of across-the-board tariff negotiations. Negotiations have continued on direct trade measures, and long - and medium-term contracts. However, progress has been slow in these negotiations because of the complexity of the issues involved.

184. The 1995 technical cooperation activities were intensive, and nearly 400 meetings were organized in response to the requesting countries' wishes. These meetings paved the way for the expansion of agreed concessions. At various occasions developing countries have commended the smooth operation of the GSTP Agreement, as well as the technical support extended in connection with the implementation and development of the GSTP.

The Pacific Basin partnership initiative (PBPI)

Development context

185. The current low level of economic and trade relations between developing countries in Latin America and Asia and the Pacific, is due to several obstacles, including geographic remoteness, differences of language and culture, its cost of penetrating unknown markets, lack of investment facilities and guarantee mechanisms between the two regions, and lack of business networks. In addition, existing mechanisms in the Pacific Basin do not encompass all developing countries in Asia and the Pacific and in Latin America.

Objectives

186. The objective here is to introduce arrangements and mechanisms to enhance the cooperation needed in the Pacific Basin, in particular between Latin American and Asian and Pacific countries of the Pacific Basin.

Features

187. The Pacific Basin partnership initiative provided a framerwork for efforts aimed and expanding trade and other economic relations among developing countries of the Pacific Basin. Activities, initiated in 1994 and continued in 1995, include: (i) the preparation of two studies on "Review and prospects of trade, economic and institutional cooperation between Asian, Pacific and Latin American developing countries of the Pacific Basin" and "State of and prospects for investments between Asian, Pacific and Latin American developing countries of the Pacific Basin"; (ii) the preparation of regional meetings in order to facilitate and accelerate countries' decisions regarding regional priorities, in view of the joint ministerial meeting to be held in 1997.

Output/results

188. There were several types of outputs and results in 1995, including:

- Preliminary documents on "Trade relations between Latin American and Asian Pacific developing countries" and on "Import regimes of Pacific Rim countries". These studies were submitted to a Latin American expert meeting;
- An up-date of the previous studies under the title "Review and prospects of trade, economic and institutional cooperation between Asian, Pacific and Latin American developing countries of the Pacific Basin";

- Preparations for the Latin American regional experts meeting, which was subsequently held (from 6 to 7 May 1996, in Santiago de Chile). (This will be followed by a ministerial meeting, which is expected to be held in the last part of 1996);

- Work to establish the foundations for the joint Ministerial Meeting to be held in 1997, which would be expected in particular to: reaffirm the political will of Governments to strengthen their mutual trade and economic relations and indetify measures and activities for enhancing trade and other economic cooperation among them.

Appui à l'Union du Maghred Arabe (UMA)

Contexte de développement

189. La Convention commerciale et tarifaire de l'UMA prévoit, notamment, l'exonération à titre définitif, des importations de produits originaires des Etats membres de l'UMA, des droits de porte, des taxes perçues au cordon douanier et toutes taxes d'effet équivalent.

Objectifs

190. Il est envisagé de mettre en place un système qui, en compensant les manques à gagner, convaincra les Etats de s'engager résolument dans le processus de libéralisation des échanges commerciaux. Une telle compensation n'interviendrait qu'après le démarrage du processus de libéralisation, mais il fallait, ex ante, en étudier tous les aspects de manière à ce que chaque Etat membre ait une vision claire de la situation.

Caractéristiques

191. L'étude devait déterminer le degré de dépendance des budgets des Etats membres vis-à-vis des recettes douanières, établir les moins-values en recettes résultant de l'application des mesures de libéralisation des échanges, définir la notion de pertes de recettes à compenser, faire des propositions sur l'établissement d'un mécanisme de compensation et sur son application.

Résultats

192. La CNUCED a apporté son concours dans la préparation d'une étude prioritaire intitulée "Mécanisme de compensation des pertes induites de l'application de la Convention Tarifaire et Commerciale entre pays de l'UMA". Elle a été traduite en arabe et soumise aux pays membres de l'UMA. Elle sera examinée par un groupe d'experts de l'UMA.

3. Assistance to the Palestinian people

Development context

193. In line with the provisions of General Assembly resolution 44/174 and the 1994-1995 Work Programme, the secretariat continued its work on prospects for sustained economic development in the Palestinian territory of the West Bank and Gaza Strip. A new orientation in the work of the secretariat was made possible by the political breakthrough leading to the signing of the Declaration of Principles in 1993 and the subsequent economic agreements between Israel and Palestine and the empowerment of the Palestinian Authority.

Objectives

194. The secretariat's Programme of Technical Cooperation Activities in Support of Palestinian Trade, Finance and Related Services, outlining a set of interrelated operational activities, was finalized in 1995. Its purpose is to assist in areas where the Palestinian people have assumed responsibility for policy-making and management.[9]

Features

195. Following its endorsement by the Palestinian Authority, the programme was presented to a number of potential bilateral and multilateral donors to solicit their contributions towards its implementation.

196. Concurrently, the secretariat has been requested by a number of ministries and agencies of the Palestinian Authority to extend immediate technical assistance in priority areas specified in the Programme and designated for action by the Palestinian Authority in its work programme for 1995.

197. A series of advisory missions were undertaken to examine the situation, identify problem areas and needs and develop a strategy and programme of action in each of the areas of ports, investment and technology, trade efficiency, and commodities. The reports of the missions, along with detailed proposals for follow-up action in each area, were presented to the respective organizations of the Palestinian Authority for their consideration and subsequent action.

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[9] For detailed information on the substantive scope and orientation of the programme, reference is made to TD/B/42(1)8, dated 3 July 1995, and the published version of the Programme, in document UNCTAD/ECDC/SEU/11.

Outputs/results

198. The fact-finding/advisory missions elaborated a detailed programme of action in each area for which a request for assistance has been received from the Palestinian Authority.

199. The secretariat has prepared project proposals aimed at mobilizing the required resources for follow-up action in each area. To this effect, proposed project summary sheets for the follow-up activities have been presented to the United Nations Special Coordinator in the Palestinian territory (UNSCO) for submission to the forthcoming meeting of the Consultative Group, scheduled for September 1996.

G. Services Development and Trade Efficiency Division

1. Trade efficiency

Customs modernisation and reform

Development context

200. An efficient and effective Customs administration is essential to the welfare of any country. It benefits the national economy by collecting revenue; it assists Government to implement national and international policy; it protects the country by combating fraud and the illegal trafficking of prohibited and restricted goods; it provides the statistical information on foreign trade transactions essential for economic planning; and it encourages international trade.

Objectives

201. Customs administrations in many countries fall far short of being efficient and effective. The ASYCUDA programme is aimed at reforming the Customs clearance process. It aims to speed Customs clearance through the introduction of computerisation and the simplification of procedures and thus minimise administrative costs to the business community and the economies of countries. It aims to increase customs revenue, which is the major contributor to national budgets in most countries, by ensuring that all goods are declared, that duty/tax calculations are correct and that development exemptions are properly managed. It aims to produce reliable and timely trade and fiscal statistics to aid the economic planning process automatically, as a by-product of the Customs system.

202. The major objective is to implement systems as efficiently as possible with a full transfer of know-how to the national Customs administrations at the lowest possible cost for countries and donors. Projects also introduce international standards and active cooperation among a steadily growing number

of ASYCUDA user countries and and thus further increases mutual benefits.

Features

203. ASYCUDA is a computerized Customs management system which covers most foreign trade procedures. The system handles manifests and customs declarations, accounting procedures, transit and suspense procedures. It generates detailed information about foreign trade transactions which can be used for economic analysis and planning.

204. With more than 40 active projects and expenditures exeeding US$ 7 million in 1995, this programme is the most important technical cooperation programme of UNCTAD.

205. The ASYCUDA software operates on all types of hardware in a client/server environment. Transaction and control data are stored on a relational data base management system. It takes into account all international codes and standards relevant to Customs processing, as established by ISO, WCO and the United Nations.

206. ASYCUDA can be configured to suit national characteristics such as individual Customs regimes, national tariffs, Customs regulations and legislation, and after the initial configuration it remains fully flexible to adapt to changing Customs regimes, regulations and legislation, as required. It also provides for electronic data interchange between traders and Customs using EDIFACT rules.

207. The ASYCUDA implementation strategy has been developed to respond to the big challenge represented by such a complex reform programme. It aims to ensure full transfer of know-how in order to assure long-term sustainability. It requires strong national commitment at all levels and it caters for continuous progress evaluation. Project activities are carried out in the following three phases:

(i) The preparatory phase proceeds with an assessment of the actual situation. The national team, together with the international advisors, identify areas requiring reform, such as the introduction of international codes, the streamlining and simplification of clearance procedures, the alignment of forms to international standards, the modernization of the national Customs law to conform to the Kyoto convention. While some of these reforms can be achieved and introduced early on in the projects, others need to be acted upon in parliament and may therefore take much more time to be implemented. During this phase technical and functional ASYCUDA implementation courses are delivered to build up the national implementation team and to prepare the psychological foundation for them to develop a sense of ownership of the system.

(ii) The pilot implementation phase includes the preparation of the national ASYCUDA configuration, i.e. the coding of the tariff and the related regulations and legislation, the data entry of the control tables (declarant codes and addresses, customs office codes, etc.) and the preparation of valuation and selectivity systems. Computers for the pilot offices (normally headquarters, an airport, a sea port, a land boundary and an inland clearance office) are installed, configured and tested to confirm that the national customization of the system fully meets the requirements of the national regulations. The reform activities initiated in phase one are continued as necessary. A work plan for the implementation of the system throughout the country (phase 3) is elaborated, together with an estimation of the resources required. A large training programme for customs staff and trade users is delivered during this phase.

(iii) The roll-out phase can potentially be implemented by the national team with minimum or no assistance from international experts, if the transfer of skills and know-how was completely successful during the first two phases. In fact this phase is much more of a logistical challenge than an intellectual problem: it requires the physical preparation of all sites for computerization delivery of a large amount of training based on the model training courses of phase two, and the technical installation and support of computer systems in the identified sites. The configuration of the customs software will simply be copied from the appropriate pilot sites.

208. The first two phases have a minimum duration of 18 months, and they will only succeed with strong political commitment and support from the highest levels and with the full-time availability of a competent and motivated national team of about 10 customs and technical staff.

Outputs/results

209. The impact of ASYCUDA projects can easily be illustrated by a few examples. During the first three months of ASYCUDA operations, Sri Lanka has recorded an increase in Customs revenue of US$ 25 million. Ghana and Mauritius have reduced average clearance time from one week to half a day. In Colombia improved Customs operations through ASYCUDA have led to savings in stock levels and storage at Petroquimica Colombia s.a. valued

at US$ 4 million annually. In some other countries the results were less impressive, mainly because of resistance to the in-depth reforms of the Customs system that the implementation of the programme requires. In some unfortunate cases, political unrest and revolution has led to the physical destruction of the ASYCUDA hardware which has brought the activities to a complete stop.

210. Overall, there are now more than 70 countries worldwide which have adopted the ASYCUDA programme, and 55 are utilizing it on a regular basis. In 1995 eight new projects were signed. A conservative estimate shows that in 1995 worldwide international trade of a value of more than US$ 200 billion was controlled by the ASYCUDA system. This produced a total increase of revenue in 1995 of at least one billion dollars, and it has reduced the cumulative clearance time of all transactions by more than 50,000 days.

The Global Trade Point Network

Development context

211. The opportunities offered by the new trading environment created by the successful conclusion of the Uruguay Round and the spreading of information technologies will not be seized if local traders remain faced with the technical and regulatory obstacles which have traditionally prevented them from competing in international markets.

212. Ministers and other high-level representatives of 136 countries participating in the United Nations International Symposium on Trade Efficiency (UNISTE, 1994) invited the international community to provide substantial and rapid technical and financial assistance to developing countries and countries in transition for the establishment and networking of Trade Points, as well as the implementation of the Trade Efficiency recommendations and guidelines.

213. The Trade and Development Board, at its resumed eighth executive session in June 1995, in its "Conclusions on technical cooperation" (TD/B/EX(8)/L.3), asserted that support for the establishment and strengthening of Trade Points and their interconnections should continue to be an important part of UNCTAD's technical cooperation work.

Objectives

214. The main objectives are to enhance the participation of developing countries and economies in transition in international trade, with special emphasis on SMEs and LDCs; to reduce transaction costs and promote better trade practices; and to allow better access for traders to trade-related information

and global networks. The Programme also aims at the dissemination of international EDI standards, such as UN-EDIFACT.

Features

215. The Global Trade Point Network (GTPNet) entered its first phase in 1992 with the objective of establishing a critical mass of Trade Points. In 1994, UNISTE launched the second phase aimed at connecting Trade Points worldwide. In 1995, UNCTAD's efforts concentrated on implementing the second phase, while laying the ground for the third one to be launched in 1996, when GTPNet will offer Trade Point users the possibility of carrying out their transactions on Internet.

216. Two GTPNet technical cooperation projects started in 1995: one on "Setting up the Global Trade Point Network", and the other one "the establishment of the Global Trade Point Network Backbone Connection". A project presented to the Commission of the European Union for the "Integration of Western Africa in the Global Trade Point Network" is expected to be funded shortly.

217. During the past year, the Expert Group on Information and Standards in the GTPNet concentrated its work on the use of international standards for information exchanged in the network, which is a key condition of the interoperability of GTPNet.

218. The Trade Point Development Centre (TPDC) developed the GTPNet WorldWide Web site on Internet, and the "Trade Point Internet Incubator". The GTPNet Web server contains structured information on Trade Efficiency, Trade Points, the GTPNet,

219. Electronic Trading Opportunities[10], etc., as well as hypertext links with other UN organizations, government agencies, and trade-related organizations and information sources. Search-engine software ("intelligent agent") has been designed to guide and maximize the use of Internet Gophers and WWW. All Trade Points can be connected to the GTPNet server via hypertext links if they have their own Internet servers. The Trade Point Internet Incubator service provides the possibility for those Trade Points that do not have their own servers (often those located in LDCs) to have an Internet presence. These Trade Points send their Web pages to the TPDC, where they are integrated into the GTPNet server. Currently, there are over 30 Trade Points being "incubated" by the TPDC.

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[10] ETOs: offers and demands for products, services and investment exchanged via GTPNet.

Outputs/results

220. By the end of 1995, UNCTAD had been informed that there were 48 operational Trade Points and 81 Trade Points being set up for a total of 98 countries involved in the programme.

221. The GTPNet Web server was launched in January 1995. In July 1995, when the TPDC moved to Melbourne, a second server was set up which exactly replicated the GTPNet server of Geneva. At the beginning of 1996, there were eight operational mirror sites around the world and five more in the process of being established. This addition significantly increased the ease of access to GTPNet.

222. In 1994, only 30 Trade Points had access to e-mail services. As of February 1996, 58 Trade Points use e-mail services. Those Trade Points having access to the Internet World Wide Web services can participate fully in the GTPNet on-line information services, while those without direct access make extensive use of the Incubator. For the very first time, LDCs like Djibouti, Ethiopia, Maldives, Mauritania, Mozambique, Sao Tome and Principe and the United Republic of Tanzania that use the Trade Point Incubator Service have been able to make their presence felt by advertising and thus promoting their trade on the Internet.

223. An EDIFACT message for ETOs has been developed by the Expert Group, based on a subset of the PRICAT (price catalogue) message. This has been instrumental in pursuing efforts to make ETOs fully compatible with international standards. The UN-EDIFACT compatible six-character tags are used as part of the ETO e-mail format. This is currently being introduced to and tested by Trade Points and will be adjusted based on the feedback received from Trade Points.

224. The ETO-e-mail-tagged system has shown spectacular growth since its inception less than three years ago, to reach 60,000 ETO-e-mails per month in January 1996 [11]. When one adds up the categories of ETOs disseminated, the traffic over GTPNet shows a rapid increase from 5 gigabytes of information for the period June 1993-January 1995 (date of the latest assessment), to some 25 gigabytes for the sole month of February 1996.

225. It is becoming increasingly difficult for any major trading partner to stay out of the GTPNet. The increase in traffic allows substantive reductions in the cost of collecting,

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[11] ETO-e-mail-tagged traffic refers to the number of unique ETO-e-mails-tagged multiplied by the number of recipients. Each e-mail contains on average of five ETOs.

formating, transmitting and processing trade information. This results in a continued increase in the number of Trade Point beneficiaries (especially SMEs), as well as in a strengthening of the technological advance characterizing the GTPNet approach (through reinvestment in research and development).

The Micro-Banks project

226. The Trade Efficiency programme also undertook a feasibility study to promote the creation of market mechanisms between international private fund suppliers and borrowers in developing countries, especially micro and small entrepreneurs.

227. The study led to the creation of a private fund which will invest in debt titles issued by financial institutions specializing in providing credit to micro-enterprises in developing countries ("micro-banks"). This fund will be administered by a well-known Luxembourg bank and managed by a first-rate specialized management company entrusted with the selection and follow-up of investment.

2. Services development

228. Several projects undertaken by the International Trade Division, particularly those mentioned in para C.1 above, have significant components dealing with trade in services. In addition, UNCTAD continued to implement a project called Coordinated African Programme of Assistance on Services (CAPAS).

Development context

229. There is a growing understanding of the contribution of services to the economic growth and development process. African's decision-makers perceive the need to reform their domestic services policies in line with regional integration and multilateral market access liberalization objectives.

Objectives

230. The programme aims at developing an analytical and decision-making capacity in the area of domestic service sector policy, regional integration in services, and multilateral negotiations on trade in services.

Features

231. The activities of the programme are carried out by the participating countries through (1) an advisory group of public and private sector representative, and (2) a national research team in charge of preparation of analytical studies under the guidance and with the support of the advisory group, which is the ultimate user of the work of the national research team. The role of UNCTAD involves coordinating the work programme impemented by participating countries, planning and organizing

regional seminars and workshops, providing methodological support, and fund raising.

Output/result

232. In 1995, CAPAS phase II prepared four sectoral studies: telecommunications and labour services (both regional studies) and trade logistics services and financial services (national studies. Among other things, such studies help build a foundation among government/research-consulting/private sector communities for a better understanding of the role of services in the development process and strengthen the ability to identify negotiating interests in current and future negotiations in the framework of GATS.

3. Shipping, ports and multimodal transport

Maritime legislation

Development context

233. The maritime legislation of many countries is obsolete and fragmented and in no way contributes to the development of maritime trade and shipping services. Yet maritime legislation is essential for a sound maritime administration and for establishing the framework in which shipowners and the owners of goods carried can interact. Similarly, national maritime legislation is vital for establishing and defining the extent of the competence of the state over ships flying its flag and over foreign vessels in the waters within its jurisdiction.

Objectives

234. The objective of this programme is to update and harmonize maritime legislation, documentary procedures and practices at both national and subregional levels in order to provide a modern legal framework for more efficient maritime transport.

Features

235. In 1995:

- Assistance was provided to the Ministerial Conference of West and Central African States on the harmonization of maritime legislation through the preparation of guidelines and recommendations after careful study of the existing maritime laws and regulations of the anglophone and francophone member States of MINCONMAR. UNCTAD also assisted national experts in the revision of the Draft Maritime Code of Côte d'Ivoire, incorporating the aforesaid recommendations, pursuant to MINCONMAR Resolution 144/8/92.

- In Central America, LEGISMAR, a comprehensive project to modernize and harmonize maritime legislation in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, was completed in 1995. Under this project UNCTAD collaborated with IMO in updating and harmonizing the maritime legislation of Central American States. During 1995 a tripartite meeting between COCATRAM, UNCTAD and IMO took place in Managua to wind up the project. Meetings were also held with the Central American International Court of Justice and the Central American System of Integration (SICA).

- Work continues on assisting the drafting of a new Maritime Code for Ethiopia, corresponding to its new status as a land-locked country.

Output/results

236. It is expected that the guidelines and recommendations adopted for MINCONMAR and the revised Draft Maritime Code of Côte d'Ivoire could become a model code for the West and Central African region that would further the cause of uniformity of maritime law among MINCONMAR member States.

237. Under the LEGISMAR project, model maritime legislation was prepared for the Central American States. Concrete proposals to structure and strengthen the Maritime Administration in each country were made, and one of the visible outputs has been the setting-up of a Maritime Administration in El Salvador.

Multimodal transport

Development context

238. Modern cargo transport uses ISO containers. Their transport is nowadays undertaken primarily door-to-door, where one transport provider organizes and ensures such door-to-door or multimodal transport (MT). This transport provider is often called a "multimodal transport operator" (MTO).

239. Multimodal transport facilitates international trade and gives better control over the transport chain. Containerization has allowed the more advanced transport organizations to introduce multimodal transport aggressively on a large scale, often in a regulatory vacuum with only limited legal constraints. At present, the situation in many countries is that the number of national transport companies that offer door-to-door services to and from foreign countries is relatively limited, while the number of shippers and consignees who are potential users is significant.

Objectives

240. The objectives in this area of activity are to facilitate trade by streamlining and rationalizing the transport sector to promote faster economic development, in particular by assisting transport providers and users, improving the regulatory environment of countries' cargo transport, and strengthening governmental institutions in this area. This is most often done through the creation of so-called National Trade and Transport Facilitation Committees (NTTFCs).

Features/outputs/impact

241. Four technical cooperation activities were executed in 1995. The main thrust was the investigation of high-density transport corridors, one between New Delhi and Bombay, the other between Hanoi and Haiphong. Follow-up work on the establishment of NTTFCs was also undertaken in Colombia and Pakistan. In all cases except Viet Nam, the main output was a decision to establish a NTTFC. In Pakistan, the World Bank subsequently built on the activities and outputs of the project in designing its own continuation, and a multimillion dollar project has now been agreed as a follow-up. It is expected that UNCTAD will be associated with the execution of this new IBRD project.

242. A number of Multimodal Transport Workshops were also delivered throughout the world. Details are provided in the text on maritime management Training in subsection (iv) below.

243. The likely impact of the NTTFCs will be greater efficiency in the trade and transport sector in each country where they are set up. It is envisaged that such NTTFCs will become integrated with national Trade Points wherever possible.

244. The secretariat also continued to develop the software programme known as MULTISHIP Model II. This is a sophisticated computer simulation programme which allows users to test a wide range of scenarios to assist in the decision-making process for modern door-to-door transport services. The model is presently in the process of being upgraded to a Windows environment. The secretariat has been advised by several users that MULTISHIP Model II is of great assistance to the companies in their planing of new services.

245. The publication of the MT Newsletters is generating considerable interest among recipients, and the secretariat has received numerous requests for additional copies to be sent around the world. A network of MT Focal Points is being developed, each acting as a local distribution centre for information concerning multimodal transport issues. This has also spawned the establishment of a new private organization called the International Multimodal Transport Association

(IMTA), which is gaining members around the world and which will hold its first general meeting in June 1996 to consider a multitude of multimodal transport-related issues.

Port management and development

246. A major technical assistance project continued in Somalia. The objective is the rehabilitation of port management in all four main ports of the country. After the ending of the UNOSOM II mandate in March 1995, activities of the project were suspended in the southern ports of Mogadishu and Kismayu and concentrated more on the northern ports of Berbera and Bosasso.

247. The project helped in setting up Boards to manage the Ports of Berbera and Bosasso. In 1995, seminars were conducted for Board members in Djibouti (14-15 March) and Nairobi (7-9 August), respectively. The successes of the seminars reflects the considerable importance attached by the UN to the rehabilitation of the managerial structures of the country. Security, operations and financial expertise were fielded during the second half of the year to devise the basic operating and administrative procedures for these ports. Also, a seminar for 11 potential Board members of the port of Kismayu took place in October in Nairobi.

248. The project continues to monitor the situation in the ports of Mogadishu and Kismayu by making visits from time to time. This supplements the security surveys carried out by UNDP on a country basis. The security situation for the moment precludes project activities in these two ports.

249. Training and human resource development activities in the area of port management are mentioned in subsection (iv) below.

Maritime management training

Development context

250. Development through trade is directly linked to the efficient and imaginative development and organization of transport services. Since practically all foreign trade of developing countries is carried by sea, the quality of the services provided for maritime trade requires particular attention.

251. The provision of efficient transport facilities and the organization of trade routes requires that officials and managers have the relevant skills and up-to-date knowledge. This is of overriding importance today due to current trends in globalization, from which countries can expect to benefit fully only by ensuring access to efficient maritime services.

Objectives

252. The objective here is to satisfy the needs of developing countries and countries in transition in respect of officials, managers and commercial personnel with requisite skills and knowledge so that efficient transport services are available to meet the needs of foreign trade. The immediate goal is that training should provide, on the one hand, a complete understanding of the role of transport and its different segments in the service of trade, and on the other hand continuously updated knowledge of legal, commercial and technological developments that affect the movement of goods.

Features

253. Several approaches are used in the preparation and supply of training, including the organization of individual and group training with support from carefully selected host organizations, the preparation and supply of training materials for local use, and the reinforcement of local capacity to provide professional standard training. The underlying feature of all these approaches is a systematic analysis of training needs, and ways of meeting them, in relation to the provision of services to maritime trade.

254. To ensure that training can be offered to the large number of persons who contribute to the carriage of a country's foreign trade and that such training is oriented specifically to local conditions, UNCTAD devotes attention primarily to the reinforcement of local training capacity.

255. The main maritime training programme is TRAINMAR. It has two principle features: a well documented approach to training that can be adopted by any training centre that wishes to improve its response to local issues; and a system of cooperation among local training centres so that they may share efforts and exchange their products and experience. Centres that provide training in management of the maritime sector, or of enterprises offering services to maritime trade, can improve their own capacity through adoption of the methodology. This is facilitated by a series of workshops that may be organized by UNCTAD or a number of other qualified institutions; UNCTAD also offers advice on the local organization of training and human resource development. Thereafter, training centres which are prepared to make a commitment may join the TRAINMAR network. Each member participates in a regional network within which regular cooperation is organized by the members themselves with advice from UNCTAD. Cooperation between regions is coordinated by UNCTAD.

256. "Stratship" and "Stratbulk" are other human resource development activities whose objective is to improve the

management performance of shipping companies in developing countries. These courses continue to meet the needs of senior managers in such areas as strategic planning and profitability improvement, with special reference to the dry bulk and tanker sectors.

257. JOBMAR, for its part, provides an opportunity for participants to learn "on-the-job" in countries with a more advanced maritime sector. It emphasizes a "hands-on" approach to acquiring management skills. Experience, which cannot be stimulated by traditional training methods, is gained by effectively dealing with business situations under actual commercial pressures, and progress is measured by practical results. The JOBMAR programme is self-financing, with costs covered by placement fees and contributions from host organizations.

258. Multimodal (MT) Workshops have also been made available by UNCTAD. Their coverage includes: Economic and commercial benefits to be derived from the introduction of MT; transport liability systems; qualifications needed to introduce MT; regulatory measures and MTO qualification requirements; and electronic data interchange. Each MT Workshop delivery ends with the adoption of a set of recommendations which are then submitted to the national (or subregional/regional/regional) transport sectors, both public and private, for action in various fields of transport to overcome identified shortcomings or bottlenecks.

259. Finally, in 1995, in the area of port management, a Container Terminal Management Seminar was conducted in French in Antwerp, and a seminar on the New Commercial Role of Ports and Port Marketing was conducted in English. Participants were specially interested in the practical knowledge gained by visiting the ports of Ghent, Dunkirk and Antwerp as well as the evaluation of their marketing plans prepared for their own ports during the seminar.

260. Training materials prepared directly by UNCTAD for use in developing countries, including the Stratship course in shipping policy, IPP courses in port policy areas, and multimodal transport workshops, may be distributed to any qualified users but are principally used by the TRAINMAR centres.

Output/results

261. From a start in 1980 with just three centres, membership of the global TRAINMAR network now extends to centres in more than 50 countries - some with their own national networks. National centres each participate in one of eight regional networks that are autonomous in organizing local cooperation. Courses, experience and personnel are exchanged regularly at the regional level and occasionally, with regard to particularly significant developments, interregionally. Courses prepared by individual

centres to meet basic standards, which may be in English, French, Spanish or Portuguese, are offered for exchange through catalogues issued in the separate languages. Some courses are also available in Arabic.

262. Progress was made in 1995 at all levels, and in a wide range of conditions. In regions with established networks, such as Asia and Latin America, there has been an increasing trend for new members to obtain assistance directly through TRAINMAR centres in neighboring countries. For instance Bolivia, Panama, Papua New Guinea and Sri Lanka have each been able to establish new centres without any formal assistance through UNCTAD. Meanwhile, UNCTAD has been able to concentrate its very limited resources on areas with less established networks - such as southern Africa and Eastern Europe. In the first example, TRAINMAR centres have been established in Angola and Mozambique, with courses and trainers being exchanged between them; in parallel, consultations have proceeded with maritime organizations in South Africa with a view to providing a new focus for Africa-wide cooperation. In the second example, a new TRAINMAR centre has been established in Romania; this is already providing training both in traditional areas, using courses developed elsewhere in the TRAINMAR network, and in new areas where institutional reform requires significant changes to policy and to attitudes - for instance, with regard to free-trade zones and private sector involvement. Joint action with TRAINMAR centres in Western Europe is proving particularly useful in this respect.

263. As regards the MT Workshops, more than 100 deliveries (seven of them in 1995) have now been made all over the world (Africa 21, Asia 42, Latin America and the Caribbean 24 and Europe 12, in a total of 56 countries with participants from more than 100 countries). This has greatly enhanced the awareness of modern transport issues and the impact they have on efficient trade. It has enabled organizations and individual enterprises to adapt better to modern door-to-door transport.

Management of transport routes

Development context

264. In the mid-1980s, UNCTAD investigated the situation of the transport chain components of African transport systems and identified the physical and non-physical obstacles to improving such systems. One major conclusion from this effort was that there was a need for a programme of action to monitor cargo movements. This led to the conceptualization of the Advance Cargo Information System (ACIS).

265. ACIS is a computer-based information system which monitors equipment and cargo operations in the various transport modes. It has been designed to provide transport operators and concilliaries with reliable, useful and immediate data on the operations during a transport itinerary. This enables operators to improve day-to-day management and decision-making.

Features

266. ACIS provides the following overall facilities:

- Improved information to help control the operations of individual transport operators;
- Advance information on the movement of individual consignments, providing an opportunity to transport managers to plan the optimum use of transport networks, equipment and standing facilities, leading to improved transit times for goods;
- A database facility available to a party registered as having an interest in a consignment and its transportation, providing them with the latest reported location and status of goods and transport equipment;
- A database for rational corporate planning by transport operators;
- A long-term record of transport movement data to build up national and sub-regional databases where appropriate and to permit Governments and institutions to analyze national, subregional and regional problems in order to investigate alternative investment opportunities in the transport sector.

267. Using existing communication systems, and readily available microcomputer technology, ACIS is designed to provide an information network linking the physical points along various surface transport routes at which decisions are taken.

268. ACIS uses practical and proven implementation methodologies and down-sized solutions which are field-tested. ACIS employs technological solutions applicable in difficult environments, e.g. micro-computers and such telecommunications facilities as are available.

269. Four components have been designed within the ACIS system, namely:

(a) RailTracker: the railway component comprises five basic software sub-modules (RailTraffic, RailStats, RailInterchange, RailCommunications and RailTutorial);

(b) PortTracker: the port system is composed of four basic software modules (the Manifest Transfer System, the Harbour Master module, the Gate Pass modules and the Port Statistics module).

(c) RoadTracker;

(d) Lake/River Tracker

270. In 1995, 10 projects were active, including a major one for the COMESA countries in southern Africa.

Outputs/Results

271. Following the installation of the ACIS RailTracker in the railways of Senegal, Mali, Burkina Faso, Côte d'Ivoire, Ghana and Cameroon in the previous years, the system was installed in Uganda, Kenya, the United Republic of Tanzania and Zambia in 1995 as part of the COMESA project.

272. In the case of these three East African networks, a significant output of ACIS is the contribution made to subregional integration, with the railways extending their monitoring and access to their systems beyond their borders through the computerised interconnection of the three railways. Kenya, Uganda and the United Republic of Tanzania Railways now have access to each others' information system. This has contributed to the improvement of the relations between them and to the recent setting-up of an Ad hoc Committee for monitoring sub-regional railway traffic along the corridors serving Uganda, Rwanda, Burundi and Eastern Zaire.

273. The installation of PortTracker was also completed in 1995 in the Ports of Tema (Ghana) and Mombasa (Kenya). In both ports, all vessel traffic is now being monitored by ACIS, and this provides valuable help for maritime operations (bookings, berth occupancy, pilot/tug services, etc.) and to goods traffic moving in and out of the ports: the gate pass for all container transport is produced by ACIS, with a corresponding improvement in efficiency and security.

4. Insurance

Development context

274. Insurance services, a major component of financial services, enable economic agents to protect themselves against risks and help safeguard national assets, while sustaining development and trade. In many developing countries, particularly in Africa, provision of affordable, available and reliable insurance services that match the needs of a country's economic agents are often lacking.

Objectives

275. The objectives of this programme are as follows:

- To establish competitive and efficient insurance markets and to improve access for a large part of the population to insurance services;
- To provide technical support, advice, guidance and training for insurance supervisory authorities, in particular for the establishment of legal and supervisory frameworks; and
- To improve the understanding and provide information on the impact of liberalization of insurance markets and on other more technical subjects to government officials and managers of insurance concerns.

Features/output/results

Training seminars

276. Based on the results of a report on the training needs of insurance supervisory authorities of African and Indian Ocean countries, three seminars on "Supervision of Insurance Operations" for three different subregions of Africa were held in 1995:

a) In Cairo (January 1995) for the East and West African English-speaking countries, with representatives from 12 countries (Egypt, Eritrea, Ethiopia, Ghana, Kenya, Liberia, Nigeria, Sudan, Sri Lanka, South Africa, Uganda and the United Republic of Tanzania);

b) In Pretoria (July 1995) for southern African supervisory authorities, with participants from seven countries (Botswana, Lesotho, Malawi, Namibia, Zambia, Zimbabwe and South Africa);

c) In Casablanca (scheduled for December 1995, but postponed and held in January 1996) for the French-speaking countries of North and West Africa, with participants from 10 countries (Algeria, Burkina Faso, Chad, Cote d'Ivore, Gabon, Guinea, Mauritania, Senegal, Tunisia and Togo) and a representative of the Brown Card Agreement.

277. In all, 80 staff of supervisory authorities from 30 countries participated in the seminars. Evaluations were made by participants after each seminar. The results of these evaluations showed, inter alia, that the overall conduct of seminars was found very effective by 92%, 94% and 100% of the participants in the Cairo, Pretoria and Casablanca seminars

respectively. More interestingly, 80%, 73% and 100% of the participants in the respective seminars found that the seminars would benefit them professionally to a great extent. An indicator of the commitment of the supervisory offices concerned to improving the competence of their staff was that most participants' travel costs were covered by their national authorities.

Conferences

278. Two back-to-back onferences were organized jointly by UNCTAD and the Egyptian Reinsurance Company in April 1995 in Cairo. The conferences focused respectively on "Liberalization and privatization of insurance markets" and "Developing countries' reinsurance in a world of change". The conferences were attended by more than 350 delegates from around the world. The great majority of participants declared that they benefited greatly from these conferences and enhanced their comprehension of the process and consequences of liberalization.

279. A statement made at the opening ceremony of the 23rd Conference of the African Insurance Organization by its then President, which more than 1,200 delegates participating from Africa and around the world, assessed the role and impact of UNCTAD in the area of insurance in the following terms:

280. "The results [achieved during 1995], we certainly owe them to the persistency of our insurance professionals, to the insight of our Governments, but also to the continued support of UNCTAD. In this regard, I would like to remind us that over the last three decades, UNCTAD, in close collaboration with Governments and institutions of developing countries, strives to promote insurance markets: by putting at our disposal competent and co-operative experts and providing enlightened advice in the field of legislation relevant to African insurance markets, and by setting up frameworks, supervisory and management structures of insurance markets."

H. Cross-sectoral and other activities

1. Trade control measures

The UNCTAD Database on Trade Control Measures and the dissemination of its information through the TRAINS CD-ROM

Development Context

281. Trade is affected by national trade laws, regulations and administrative procedures. Considerable skill is needed to manage large amounts of data on various trade barriers. Trade control measures (TCMs), as defined by UNCTAD, comprise those

that, either in practice or potentially, affect international trade flows, whether because of the basic nature of these measures or because of the way they are applied. For a number of years, the UNCTAD secretariat has been collecting TCM information from its member States. The coverage and quality of this information have been gradually improved, and data for more than 70 countries have been computerized at the Harmonized System tariff line level, thus constituting the UNCTAD Database on Trade Control Measures.

Objectives

282. The broad objective of the constitution of the UNCTAD Database and the dissemination of its information is to increase transparency in international trading conditions and thus facilitate trade. The Database has also been utilized for the analysis of development in national trade policies, the preparation of reference materials for trade negotiations, the analysis of the conditions of access to external markets for export promotion, and research.

Features and 1995 Activities

283. The activities carried out during the reporting period included improvement and extension of the Database and maintenance thereof and its further adjustment taking into account measures for sensitive product categories, particularly those affecting the environment. Further development of the DOS version of the TRade Analysis and INformation System (TRAINS), as well as the further development of the WINDOWS version, including a facility to present historical data on trade and import regimes, also took place. A new version of the TRAINS CD-ROM was issued in autum 1995.

284. For dissemination purposes, the UNCTAD secretariat has invited member States to designate a TRAINS Focal Point. It has also contacted regional institutions in this connection. At present, the secretariats of ALADI, JUNAC, SAARC, UDEAC and UMA have agreed to collaborate with the UNCTAD secretariat and will therefore contribute to the Interactive TRAINS Dissemination Programme. Following earlier visits by staff from ALADI, SAARC and JUNAC, a staff member from the UDEAC secretariat visited UNCTAD for a two-month period in order to become familiar with the maintenance of numerous computer files, enabling better collaboration. Also, special collaboration has been established with the OECD and the World Bank.

285. The Focal Points are being supplied with TRAINS on CD-ROM, containing updated information on TCMs. The Focal Points also serve as a channel through which the secretariat obtains recent information on countries or regions, particularly computerized information on tariffs and trade, as well as documentation on para-tariff and non-tariff measures. For requests from other interested parties, particularly those from the private sector,

a Trust Fund has been created to which voluntary contributions may be channelled for this purpose.

Results and impact

286. The widespread use of the UNCTAD Database, particularly in publications from prestigious organizations such as OECD, the World Bank and the IMF, as well as from UNCTAD itself, is an indication of the usefulness of the Database. The TRAINS information system is also widely used in Ministries of Trade, as well as in national export promotion offices. Also, the fact that a number of universities and private organizations have made voluntary contributions to the TCMIS Trust Fund is a good indication of the value of UNCTAD's work.

287. During 1995, the recognition that TCMIS received from elsewhere was overwhelming, and UNCTAD can now claim that the TRAINS software and its Database on Trade Control Measures are the most used and recognized tools for analysis and international discussion on market access conditions and trade barriers. Selected recent evidence to support this claim follows:

(a) OECD: The data and methodology on which the work of the Ad Hoc Group of Experts on Indicators of Government Assistance for Working Party No. 1 of the Economic Policy Committee are essentially derived from TRAINS. The Secretariat Report to the January 1996 meeting states, inter alia, that: "The UNCTAD Database is the most comprehensive database covering tariffs and non-tariff barriers that is currently available."

(b) APEC: The report prepared by the Pacific Economic Cooperation Council for the APEC Ministerial Meeting (Osaka, November 1995) on "Impediments to Trade and Investment in the APEC Region" uses data based on UNCTAD's Database. The Report states that: "The only comprehensive Database on NTBs imposed on imports is that maintained by UNCTAD";

(c) Free Trade Area for the Americas (FTAA), Market Access Working Group: A Hemispheric Database used to support discussion at the second meeting of the Working Group is utilizing the TRAINS software. In the report of the third meeting of the Working Group, 28 and 29 February 1996, the collaboration of UNCTAD was gratefully acknowledged;

(d) SAARC: TRAINS is installed in the secretariat and used in meetings such as those of the "Committee on Economic Cooperation" (see the Report of the Sixth Meeting of the CEC, New Delhi 1995);

(e) World Bank: There is ongoing cooperation between UNCTAD and the World Bank, including the joint development of SMART (Software for Market Access and Restrictions to Trade). In 1995, the World Bank and UNCTAD negotiated a Memorandum of Understanding to collaborate in the further development of SMART and its integration into the TRAINS system, to be implemented in 1996;

(f) Inter-American Development Bank: Thanks to special collaboration with the Inter-American Development Bank on the development of a subsystem "TRAINS for the Americas", the Database has been extended with information on bilateral preferential agreements, as well as on rules of origin for the countries of the Western Hemisphere.

2. TRAINFORTRADE

Development context

288. The importance of human resources development (HRD) in the trade sector has been highlighted on many occasions during the last decade. The Cartagena Commitment of UNCTAD VIII indicates that enhanced participation by developing countries and economies in transition in the world economy depends, inter alia, on "strong policies for HRD".

289. At the thirty-ninth and the forty-first sessions of the Trade and Development Board in 1994, important recommendations were made to implement in a comprehensive manner throughout UNCTAD a systematic approach to HRD in the sector of trade and related services.

290. The final document of UNCTAD IX makes various references to HRD in technical cooperation, for instance to "enhancing ... human capacities in order for developing countries to analyse new and emerging issues...", and in the context of infrastructure for development and trade efficiency, UNCTAD is requested to "continue to enhance the capacity of developing countries and countries in transition to trade efficienctly through programmes such as ..... TRAINMAR and TRAINFORTRADE".

Objectives

291. TRAINFORTRADE is designed to develop human resources in the field of trade and related services through the development and exchange of training material and the training of trainers. The programme contributes to:

- The strengthening of qualified training institutions, including the design and production of high-quality training packages and the training of trainers;

- The development of a network of cooperation among training institutions for the exchange of information, training material and trainers

Features/results

292. The following were achieved in 1995:

293. Training needs analyses: In 1995 comprehensive analyses on HRD and training needs were carried out in the Pacific and in southern Africa. A similar study is now being carried out in West Africa.

294. These studies demonstrated that, to respond to the most urgent needs of developing countries, an integrated approach to HRD for trade is needed. The main problems which are partly due to a lack of trained human resources are in the following areas:

- Policies (considered as the first priority): e.g. national trade policies; international commercial diplomacy; policies for the development of enterprises; regional integration and trade with regional entities.
- Support services: e.g. trade information services; management of trade and investment finance.
- Enterprises development: e.g. inter-firm linkages, joint ventures; creation of EPZs.
- Trade operations and techniques: e.g. commodities trading and risk management; trade financing operations.

295. To be successful, in terms of trade performance improvements, the integrated approach has to be implemented simultaneously for the benefit of senior civil servant policy-makers, support services executives, enterprise managers, and trade practitioners in order that all subsystems of the national trade structures can introduce the new skills acquired in their operations at the appropriate time. For this purpose, training programmes have to be offered at the same time in a coordinated manner.

296. It was recommended that training should enhance for career development, and should not be confined to "in-service training" but should also include "pre-career training" for newcomers and "career development training" for employees already in post. It is in this context that internationally recognized diplomas in international trade could be introduced.

297. New training packages available include the new multilateral framework of international trade, 23 modules,

(English version); training for trade point managers (French version); development of trade within the Caribbean region (not yet validated).

298. **New modules being developed** include commodities trading: copra and coconut oil; trade facilitations; trade financing; transport logistics and insurance.

299. **Training packages adapted** include the new multilateral framework of international trade (French version for West Africa); national trade policy (English version for Africa and the Pacific); national trade policy for CFA franc countries (French version).

300. **Training packages updated** include commodities trading: physical markets (English version); trade with EC single market countries (Middle East/English version).

301. **Course deliveries and training of trainers**: In 1995, there were 17 deliveries for 357 participants. In addition, 84 training managers attended the Network Development Meeting, held in Grenoble, France, in June 1995.

302. **Network development**: Activities have been carried out in North, Southern and West Africa, in the Caribbean, in the African lusophone countries and in the Pacific region. Preparatory activities were carried out in the Middle East.

303. **The second TRAINFORTRADE Network Development Meeting**: The meeting was organised in Grenoble, France, from 27 to 30 June 1995. Eighty-four participants from 29 countries and eight international or intergovernmental organizations attended the meeting. The main results of the meeting were:

- The interest expressed by all participants in moving on towards the introduction of a diploma programme in international trade and a post-graduate certificate;
- The adoption by the members of the TRAINFORTRADE Network of a general framework of regulations in order to deepen and institutionalize cooperation among training institutions.

3. Advisory services

304. As reported in previous years, UNCTAD's technical cooperation is supported by two sources of non-project-specific funds, namely UNCTAD's sectoral support programme and section 12 of the United Nations programme budget. UNDP's sectoral support is designed to enable organizations such as UNCTAD that have no field representation to offer policy and technical advice to Governments and to assist Governments and UNDP resident representatives in the development of new programmes and projects for submission to UNDP and other donors. As they can

be used flexibly and quickly, the funds are exceptionally useful to UNCTAD.

305. UNDP sectoral support funds were used, in 1995, to initiate work on the series of country policy reviews in the areas of science, technology and innovation; investment; and trade efficiency.

306. Advice, technical support and assistance in developing programmes were also provided in such areas as shipping and logistics, customs reform, international trade, transit traffic and debt management, as well as TRAINMAR and TRAINFORTRADE. Resources were also used to demonstrate such UNCTAD software as DMFAS, ASYCUDA and ACIS to interested countries and to finalize project documents for approval by UNDP or other donors.

307. Under section 12 of the United Nations programme budget, UNCTAD received an allotment equivalent to 36 work-months in 1995, together with travel funds, for the purpose of interregional advisory services. These resources were devoted to three main areas: economic cooperation among developing countries, trade and trade-related services and entrepreneurship and SME development. Advisers undertook over 20 missions in 1995.

III. GENERAL ISSUES AND DEVELOPMENTS

A. Co-operation with other organizations

308. Information in this section covers cooperation with other organisations as regards technical cooperation during 1995 and the first part of 1996. The section should be read in conjunction with additional information on UNCTAD's cooperation with organizations being provided to the present session of the TDB.

309. Given the nature of UNCTAD's technical cooperation in the multi-faceted area of trade and development, collaboration with other organizations is to be expected. This cooperation takes place with other organizations of the United Nations system members of ACC and with international, regional and subregional organizations. It covers both formal arrangements - for example memoranda of understanding or inter-agency letters of agreement for the implementation of specific technical cooperation activities - as well as informal relationships at the working level. Such cooperation is designed to make best use of "existing capacities, create more synergies and avoid duplication in order to optimise the impact of technical cooperation. It should also lead to a systematic exchange of

information and best practices" (para. 99 of the outcome to UNCTAD IX).

310. Effective cooperation is dependent on the shared interest and mutual commitment of all parties involved. To that end, the Working Party and the Trade and Development Board have requested the secretariat to strengthen its collaboration with other organizations. At UNCTAD IX, member States agreed that "UNCTAD should intensify its cooperation and coordination with WTO, ITC, relevant institutions of the United Nations system, other organizations and donor agencies, as well as regional and sub-regional groupings, through formal arrangements and within existing mechanism". (See UNCTAD IX, final document, para ...).

311. The Secretary-General of UNCTAD is committed to ensuring effective cooperation between UNCTAD and other organizations, including in the area of technical cooperation. The information on cooperation with individual organizations presented in section II above is complemented by the following overview, which lays particular emphasis on recent initiatives.

312. In November 1995, as part of the preparatory process for UNCTAD IX, the Swiss Government, with the support of UNCTAD, organized a seminar on "Technical Cooperation for Trade and Development in the face of Globalization" (see report in UNCTAD IX/Misc.1). The seminar highlighted the catalytic role of technical cooperation in helping countries take advantage of-or mitigate the adverse effects of-globalization trends. It also identified a number of areas to enhance cooperation among organizations engaged in trade-related technical cooperation.

313. WTO. Following the establishment of the WTO in 1995, and in particular since the appointment of the Secretary-General of UNCTD, a number of measures have been taken to ensure complementarity between the two organizations. As regards technical cooperation, the Executive Heads, together with the Executive Director of ITC, launched at UNCTAD IX an integrated technical cooperation programme for Africa. Initially targeted on eight countries, the new programme is aimed at assisting the expansion and diversification of their trade and aiding their integration into the multilateral trading system. Activities emphasize human resource development and institutional capacity building as well as the strengthening of export supply capabilities. Joint work - including joint missions - envisaged under the integrated programme is now under way, and up-to-date information will be provided to the Board at its forthcoming session.

314. UNCTAD and WTO are cooperating in other technical cooperation activities. A one-page summary of their respective technical cooperation responsibilities, together with those of ITC, was prepared and issued in mid 1996. There is close collaboration between the two organizations on technical cooperation provided to non-WTO members on their accession to

WTO. UNCTAD and WTO staff regularly participate in each others' seminars and workshops on international trade and related matters, including those on the implementation and follow-up to the Uruguay Round.

315. ITC. The United Nations, acting through UNCTAD, and GATT/WTO continued to exercise joint responsibility for ITC, pursuant to arrangements agreed upon during 1995. In addition to this shared responsibility, UNCTAD also cooperates with ITC on several operational matters.

316. Collaboration with regard to trade efficiency and the extension of the Trade Point programme is working well. Building on this experience, the two organizations are making efforts to strengthen other areas, particularly:

- training and human resource development, associated in part with the UNCTAD TRAINFORTRADE programme;

- enterprise development, arising in part from the revised UNCTAD mandates in this area; and

- capacity building for trade policy and trade promotion policy and implementation.

317. Although the share of UNDP in the funding of UNCTAD's technical cooperation has declined in recent years, UNDP remains an important partner organization. Resident Coordinators, in their capacity as UNDP Resident Representatives, act on behalf of UNCTAD in matters pertaining to its technical cooperation, irrespective of the source of funding. The UNDP sectoral support programme to UNCTAD provides an important source of non-project funds used for policy advice and technical support for beneficiary countries: this programme enabled UNCTAD to start work in 1995 on the initial round of country policy reviews on investment; science, technology and innovation; and the trade efficiency assessment.

318. The basis for a more effective dialogue between UNCTAD and UNDP will rest on a shared understanding of how UNDP concerns for sustainable human development can be met through increased trade and investment in developing countries. UNCTAD will be working with UNDP to that end.

319. The World Bank and UNCTAD cooperate on several programmes, particularly those associated with computer-based software programmes, as follows:

- debt management (DMFAS): there has been a joint programme with the Bank on this, and some DMFAS country installations are financed out of World Bank trust funds and by the Bank borrowers themselves;

- the Bank uses data from the UNCTAD trade control measures information system and recently requested (and paid for) special work to be undertaken on trade control measures;

- the tracking of cargo and transport equipment along transport corridors, especially in Africa. Several African borrowers of the Bank are using IDA credits to install the UNCTAD-ACIS (Advance Cargo Information System);

- customs reform and modernization. Likewise, Bank borrowers are using loans/credits to reform customs, including the installation of the UNCTAD software (ASYCUDA);

- the Bank is also interested in the Trade Point programme, in part as an interesting application of modern information technology to solve development problems; and

- the Bank draws on UNCTAD's expertise as regards multimodal transport. Partly as a result, and partly arising from the positive experience of the preceding examples, UNCTAD and the World Bank have issued a joint publication with guidelines on trade and transport logistics in Africa.

320. Collaboration with IMF on operational matters is focused in part on the IMF's support for the reform and modernization, including automation of customs administrations, and, in that context, for the ASYCUDA programme. In a recent development, and following an agreement with the Government, the IMF has requested UNCTAD to provide debt management services to Viet Nam.

321. UNCTAD has for some time cooperated with the Inter-American Development Bank, in part through LATINTRADE and related issues of international trade and in part on ASYCUDA and DMFAS: several IaDB borrowers are using loan funds to finance the installations of the softwares together with the accompanying advisory services and training. As noted below, and as a new departure, cooperation of a similar kind will commence in 1995 with both the Asian Development Bank and the African Development Bank.

322. UNIDO. The Secretary-General of UNCTAD and the Director-General of UNIDO have agreed, through a memorandum of understanding, on a number of measures to deepen cooperation between the two organizations, including in the area of technical cooperation. There will be a particular focus on cooperation for the promotion of investment in Africa and in least developed countries. Discussions with UNIDO were in progress at the time of finalizing this report.

323. UNCTAD continues to cooperate with the five regional economic and social commissions of the United Nations. The substance of that cooperation naturally reflects the respective mandates and competencies of each Commission and of UNCTAD: it is focused on such issues as trade, including follow-up to the Uruguay Round, coordination in the provision of trade information, and trade efficiency; transport; work on development strategies and experiences; least developed countries; and cooperation among developing countries. Over the last few months, the United Nations conducted a review of cooperation between the Commissions and global bodies of the United Nations, including UNCTAD.

324. Cooperation with other organizations continued during the course of 1995, including DDSMS, ILO, FAO and IMO, as well as with such other international organizations as the Common Fund for Commodities and regional and subregional organizations referred to section II above.

325. One measure of cooperation, at the operational level, is given by the number of projects, or components of projects, that UNCTAD is requested to carry out on behalf of other executing agencies, whether governments themselves, UN/OPS or other organizations. Such projects are identified in table IX of the annex. UNCTAD was involved in over 30 such projects in 1995, with an aggregate expenditure of some $1.6 million. There are fewer projects - and most of these are with ITC - in which UNCTAD as executing agency requests another organization to implement part of the project.

B. Monitoring and evaluation of projects and programmes

326. Tripartite reviews and terminal reports provide valuable information for gauging the performance of individual projects. This performance is reflected in other parts of the report under the narrative on individual projects. At the same time, it must be recognized that, to some degree, gauging impact and assessing performance depends, in the first place, on how clearly statements of the results expected are set out in programme and project design. Accordingly, in line with new UNDP guidelines on performance assessment[12], increasing attention is being devoted to stressing results-oriented objectives at the project formulation stage, and to concentrating on an analysis of why things happened, rather than on a description of what happened, at the performance assessment stage.

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[12] Improving Programme Performance Assessment in UNDP. A Concept Paper. Office of Evaluation and Strategic Planning, UNDP, 1995.

327. In addition to the standard performance assessment referred to above, there is an ongoing evaluation covering the COMESA ASYCUDA/Eurotrace regional project (RAF/92/A37) based in Lusaka, Zambia. As the project approaches its final year, the overall aim of the evaluation is to assess progress in relation to the objectives, impact of the project on both beneficiary COMESA member countries and the COMESA secretariat, and the sustainability of the project. Lessons learnt will be used to ascertain whether the project could be replicated in other regions.

328. Furthermore, in accordance with the decision taken by the Working Party at its twenty-sixth session, an in-depth study will be presented to the Working Party at its twenty-ninth session in early 1997 on the TRAINFORTRADE programme. This study is in line with the decision of the Working Party at its twenty-forth session to mandate an annual in-depth study of a technical cooperation programme aimed at providing a basis for the Working Party to better evaluate the programme and to recommend follow-up action, as well as to enhance UNCTAD's comparative advantage. A further contribution towards enhancing UNCTAD's comparative advantage is expected from a forthcoming study aimed at helping UNCTAD to improve the effectiveness of its accountability and responsibility system as well as its oversight mechanisms introduced by recent General Assembly resolutions.

329. As part of the reorganisation of the secretariat, capacity for monitoring and evaluation will be strengthened. The flow of management information for monitoring purposes, both financial and programmatic, will be enhanced and an improved data base for technical cooperation will be introduced.

330. Information on the follow-up to the in-depth study on ASYCUDA considered by the Working Party at its twenty-sixth session is provided in paragraphs 385-395 below.

C. Trends in the mobilization of resources

331. Technical cooperation projects executed by UNCTAD are financed by UNDP and through trust fund contributions. As noted in section I above, there has been a complete turn around in the relative shares in the sources of finance since the late 1980s. UNDP's share has declined, and the share of trust fund financing has increased over the last few years, such that in 1995 UNDP financed activities constituted about 36% of total expenditures and trust funds about 60% (the remaining 4% is accounted for regular budget financed activities).

332. The decline in the share of UNDP financing is primarily the result of a decrease in funds provided by UNDP for regional and interregional programmes which have traditionally provided an important source of technical cooperation for trade and development. In one case - namely Africa - UNCTAD-executed

UNDP-financed regional projects declined from the level of over $6 million in 1991 to virtually nothing in 1995. For the next UNDP programming period, the UNDP Executive Board has increased the proportionate share of resources allocated to inter-country programmes; however, it is not clear to what extent UNDP will wish to associate UNCTAD and other agencies in these programmes.

333. In addition, it is possible that the share of UNDP resources allocated to such economic matters as trade and investment and related subjects could have been adversely affected by a mistaken impression that the objective of sustainable human development was attainable through action in social sectors alone. Ways and means to overcome this problem are being discussed by UNCTAD with UNDP.

334. The last few years has seen a considerable expansion in, and diversification of, trust fund contributions to UNCTAD for technical cooperation. Table 4 shows contributions from bilateral (OECD/DAC) countries, from developing countries, from the European Commission and from multilateral and other sources including foundations and the private sector. Information on individual country contributions is found in table 7 of the statistical annex.

335. Contributions from the European Commission have shown a particular increase over the last few years, a consequence in part of the Commissions' support for several UNCTAD programmes, in particular, ACIS, ASYCUDA, TRAINFORTRADE and TRAINMAR. The Commission has also made modest contributions to some other UNCTAD activities. The UNCTAD secretariat, at the request of member States, will be pursuing possible other activities with the interested Directorates-General of the Commission. The growth in cooperation between UNCTAD and the Commission has also been facilitated by the agreement between the Commission and the United Nations regarding administrative and financial matters.

336. Contributions from developing countries themselves reflect two trends. First, some developing countries are contributing to UNCTAD's technical cooperation for the benefit of other developing countries. Second, some beneficiary countries are ready to use their own national resources, or the proceeds of loans from the World Bank or from the Inter-American Development Bank to finance technical cooperation from UNCTAD: this has been particularly the case for a number of ACIS, ASYCUDA and DMFAS projects in Africa, Asia, Latin America as well as in Eastern Europe and the CIS. Recently, UNCTAD entered into agreements for the first time with the African Development Bank (for a DMFAS project in Sudan) and the Asian Development Bank (for a DMFAS project in Viet Nam and an ASYCUDA project in Nepal).

337. UNCTAD has also received contributions from the foundations or development research centres and the private sector for

Table 4

UNCTAD TRUST FUND CONTRIBUTIONS BY CATEGORY a/ (1983–1995)

(in United States dollars)

Category	1983–1991 Cumulative	1992	1993	1994	1995	TOTAL (1983–1995)	SHARE %
1. Developed countries contributions (of which associate experts:)	21,454,873 N/A c/	8,251,729 (784,000)	7,855,598 (632,000)	10,860,222 (535,507)	10,496,930 (671,683)	58,919,352 (2,623,190)	74
2. Developing countries – General Contributions	1,546,112	41,571	174,216	190,462	218,204	2,170,565	3
3. Developing countries – Self supporting b/	1,021,205	395,613	990,083	2,686,374	2,077,762	7,171,037	9
4. European Commission	425,758	1,594,663	443,698	1,780,215	4,122,548	8,366,882	11
5. Other "Multilateral" d/	382,171	–	407,523	887,766	296,633	1,974,093	2
6. Foundations/Miscellaneous	191,410	129,832	249,396	194,926	290,316	1,055,880	1
TOTAL	25,021,529	10,413,408	10,120,514	16,599,965	17,502,393	79,657,809	100

a/ Exclusive of third party cost–sharing contributions through UNDP

b/ For activities in their own countries, financed from government resources or through loans from World Bank and regional development banks.

c/ Not available

d/ World Bank, UN, FAO, OECD, UNEP, UNIDO selected operational activities. This includes, in the case of research centres and foundations (eg. IDRC of Canada, Carnegie Foundation, or the International Institute for Sustainable Development) for analytical work on services, on the relationship between trade and the environment and on international monetary and financial issues. The private sector made modest contributions for specific UNCTAD information and training activities, including the trust fund for iron ore statistics, TRAINS and port management training materials.

338. The diversity[13] and expansion in trust fund financing raises two issues. First, in contrast to the standard procedures of UNDP, individual trust donor requirements vary considerably among donors. Negotiations on the administrative, financial and reporting aspects of project documents or contract agreements are often complex, thereby extending the time required to reach agreement on a project.

339. Second, the nature of source of funding naturally influence the distribution of technical cooperation expenditures: this should present any concern as long as donor and other contributions remain consistent with and supportive of UNCTAD's work programme laid down in the medium-term plan and programme budget. Further, the process of funding UNCTAD's technical cooperation would be materially improved by the more widespread practice of both annual allocations and regular consultations, whereby the donor and the secretariat jointly review past activities and agree on future priorities in light of outstanding requests for UNCTAD's technical cooperation and priorities set by the inter-governmental machinery.

340. UNCTAD has benefited over the years from contributions from several donors for associate experts provided either by the donor country or recruited from developing countries. Outstanding contributions have been made by several associate experts, some of whom have subsequently remained with the secretariat. It is intended to continue with the associate expert programme, bearing in mind the need to make maximum use of the possibility offered by some associate expert programmes of OECD countries to recruit from developing countries and the need to strengthen arrangements for the human resource management of associate experts.

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[13]. Diversity also extends to different funding arrangements pursued by the same donor.

D. Information on support costs

341. In accordance with well established policies and procedures of the United Nations, UNCTAD, when executing projects on behalf of UNDP or other donors, levies a charge of 13 % on actual delivery to compensate for part of the additional technical, managerial and administrative expenditures involved in carrying out operational activities. The charges (i.e. support-cost income) are paid into the support-cost account, from which the expenditures are financed.

342. Until a few years ago, the support-cost account either earned a small surplus, i.e. expenditures financed from the account were less than earnings in balance, or was in balance. More recently, support costs (mainly staff costs) have exceeded current earnings, the deficit being financed by the earlier surplus. In addition, some staff costs which could be regarded as a normal charge on the support-cost account are being held against vacant regular budget posts, thus partially relieving the account of its liabilities.

343. Efforts are under way in order to return the support cost account to a balanced position, but this is a gradual process that will require some time, particularly since the regular budget itself is being substantially reduced.

344. The Board's request that an appropriate share of support cost income be allocated to the substantive programme concerned is being implemented. For the year 1996 it is projected that 50.5% of these resources will allocated to substantive divisions and 49.5% for central support requirements. This may be compared to 1995, when support costs were shared on a 45/55% basis in favour of central support.

IV. FOLLOW UP TO INTERGOVERNMENTAL DECISIONS ON TECHNICAL COOPERATION

A. Intergovernmental review of technical cooperation

345. In accordance with paragraph 107 (b) of the final document adopted at UNCTAD IX, the Board will review annually the technical cooperation activities of UNCTAD, basing itself on the provisions of paragraph 96 of the final document. It will be assisted in this task by the Working Party.

346. It is proposed that this review take place as part of the regular autumn session of the Board. It is also proposed that the Working Party meet in September each year, before the Board's annual session, to conduct its review of UNCTAD's technical cooperation activities, including (cf. paragraph 96 of

the Midrand final document) their cost-effectiveness. The Working Party would also continue the practice (established at its twenty-fourth session in December 1994) of considering an in-depth study on a specific technical cooperation programme. The Board would then consider the conclusions of the Working Party on its review, as well as policy issues relating to UNCTAD's technical cooperation, including those arising from paragraph 96 of the outcome of UNCTAD IX.

347. In addition to the above-mentioned reference, paragraph 96 raises three related sets of issues, namely:

- a strategy for the coherence of regular and extra-budgetary programmes: see paragraphs 348-367;
- an indicative rolling three year plan for technical cooperation: see paragraphs 368-372; and
- monitoring and evaluation of technical cooperation: see paragraphs 373-374.

Coherence of regular and extrabudgetary programmes

348. UNCTAD IX requested the Board to set out a "strategy for the coherence of regular and extra-budgetary programmes that seeks to strengthen the linkages between analytical work and technical cooperation". The Conference felt that such a strategy would "enhance the substantive and financial consistency, predictability and transparency of UNCTAD's technical cooperation programme" (paragraph 96 of the final document).

349. Member States acted in this regard in light of their views, and those of the Secretary-General expressed in section IV in his report to the Conference (TD/366), to the effect that UNCTAD's future role and work would rest on its capacity to demonstrate its relevance and effectiveness in addressing practical problems of trade and development in an era of globalization and liberalization. This emphasis on a more practically-oriented organization would in turn enhance the quality of the secretariat's analytical work and support to intergovernmental deliberations.

350. The Conference's request in paragraph 96 goes to the heart of the relationship between analytical work and operational activities and thus how UNCTAD will evolve in the next few years. The preparation of a strategy for coherence would need to take into account a number of considerations.

Priority-setting

351. The content of UNCTAD's technical cooperation is determined in large measure by the requests of beneficiary countries, by decisions of inter-governmental bodies and by the priorities set out in the medium-term plan and the programme budget. In addition, the content of the programme is naturally influenced by decisions made by donors in consultation with the secretariat. It is also influenced by considerations of inter-agency cooperation, i.e. the desire not to duplicate the work of other organizations.

352. UNCTAD IX set out in a consolidated fashion (see para. 97 of the final document) the main areas of focus for UNCTAD's technical cooperation. Given that coherence between regular and extra-budgetary programmes should be sought on the basis of the subject matter, a review would be required as to how the substantive work and operational activities in the areas listed in paragraph 97 will be integrated.

353. A rough breakdown of activities undertaken in 1995 among the four areas of paragraph 97 is as follows:

- globalisation and development:	15%
- international trade in goods and services, and commodity issues:	18%
- investment, enterprise development and technology:	12%
- services infrastructure for development and trade efficiency:	55%

354. Although paragraph 97 states that UNCTAD's technical cooperation should be determined by its work programme priorities, the concept of demand from individual or groups of beneficiary countries represents an additional important consideration. An exercise of ascertaining demand has not been undertaken in UNCTAD; however, it might be useful to do so-for example for LDCs-in the context of preparing the three-year plan.

A functional approach

355. Another way of looking at the issue of coherence is on the basis of certain functional activities which for their effectiveness require integration of analytical work and operational activities irrespective of their source of funding. One such typology might be as follows:

- analytical work, including study and examination of development issues and of national and international policies to address them. Most of this work is financed by the regular budget; extra-budgetary contributions complement such work, by providing support for the analysis of particular developments problems and their solutions;

- advisory services at the country, sub regional and regional level, in a manner that simultaneously responds to specific requests from governments and intergovernmental organizations and contributes to enhancing the secretariat's understanding of specific development problems and opportunities. The provision of advisory services facilitates the exchange among countries of development experiences. This category could also include work on country policy reviews in the areas of science, technology and innovation, and investment, as well as the trade efficiency assessment. Funding for advisory services could be a mix of the regular budget (e.g. the United Nations regular programme of interregional advisory services) and extra-budgetary contributions;

- operational activities, which are financed exclusively from extra-budgetary contributions, include:

  training programmes designed to enhance capacities in beneficiary countries, whereby the content of the training programmes draws directly on secretariat work and analysis;

  provision of software and related advisory and training programmes; and

  disseminating information on trade, investment and related matters from UNCTAD databases for use by governments or civil society.

356. There is a degree of asymmetry in the above set of functions, in the sense that not all analytical work would necessarily involve an operational content, but all advisory and operational work would require analytical support.

357. A major part of the work programme of the secretariat is naturally determined by the nature and scope of requests addressed to the secretariat by intergovernmental and expert bodies. As noted in paragraph 95 of the UNCTAD IX final document, the linkages between analytical work and operational activities will naturally be influenced by the work carried out for the intergovernmental machinery. In fact, it is the wish of member States that the three interrelated aspects of the secretariat's work (ie. policy analysis, support of intergovernmental deliberations and technical cooperation) should be carried out on a coordinated basis, programme by programme.

358. UNCTAD's technical cooperation is undertaken within the framework of the policy guidance of the General Assembly expressed through its resolutions on system-wide operational

activities (see paragraphs 396-402 below), for example as regards an emphasis on policy advice, national capacity-building and in-country coordination. A strategy for coherence between policy analysis and operational activities would need to draw on such guidance.

Issues relating to the programme budget

359. The practical application of the desideratum on coherence would be sought through the preparation and implementation of the programme budget. The relationship in the United Nations between that part of the programme budget which finances the policy and analytical work and the mobilization of extra-budgetary funds for technical cooperation is based on a distinction between the mandated work programme and biennium budget of the Organization financed from assessed contributions and the operational activities financed through voluntary contributions.

360. The practice is that the programme budget finances the normative and analytical work of the United Nations. The overall budget contains a modest provision for advisory services, to which UNCTAD is entitled. Technical cooperation has been seen as an additional activity, financed through extra-budgetary contributions which the Organization supports by providing the necessary technical, management and administrative backstopping. The marginal, additional costs incurred in such backstopping are intended to be covered through the provision of "support costs income" financed by the donor or UNDP.

361. This treatment of regular and extra-budgetary funds has been the practice for some time. However, as the 1994 independent review of UNCTAD's technical cooperation pointed out: "in practical day-to-day terms, if technical cooperation is to be effective, an official concerned with policy analysis under the regular budget must contribute to technical cooperation if the synergy envisaged in Cartagena is to take effect"[14].

362. A strategy for coherence would therefore need to be implemented through comprehensive programme budgets that bring together the two strands of UNCTAD's work, so as to ensure that technical cooperation draws from and contributes to the policy analysis function.

Reporting

363. Current arrangements for reporting to intergovernmental bodies allow for an annual report on technical cooperation activities to the Working Party and the Board. The Board will

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[14]. See paras 82-84, especially 83, of TD/B/40(2)/14 of 18 March 1994.

also receive annually an indicative plan for technical cooperation. The Working Party considers, on a biennial basis, proposals for the programme budget.

364. Member States may wish to consider whether these arrangements should be continued or whether alternative reporting arrangements would better facilitate - at both the intergovernmental and secretariat level - the attainment of greater coherence between analytical work and operational activities.

365. In the light of the above considerations, and when the reorganized secretariat is in place and senior positions occupied, the Secretary-General of UNCTAD will request programme managers to propose measures to strengthen the linkages between analytical work and technical cooperation.

366. Thus the strategy which might emerge from this exercise would consist of the following:

- a statement of the objectives of UNCTAD's technical cooperation, based on paragraph 95 of the Midrand final document, the agreed conclusions 421 (XLI) of the Board following its 1994 policy review of technical cooperation, and relevant General Assembly decisions;
- an indication of priorities in light of paragraphs 95 and 97 of the final outcome of UNCTAD IX, to be determined as part of the rolling plan exercise;
- a programme-by-programme statement of policy analysis, intergovernmental deliberations and technical cooperation, based on chapter II of the final document of UNCTAD IX; and
- a summary of advisory, training, software and data dissemination activities.

367. Following the Board's consideration of the matter at its forty-third session, the Secretary-General of UNCTAD would propose to conduct informal consultations with member States in order to facilitate the preparation of a strategy for the Board's adoption in 1997. These consultations could also encompass the issues relating to the preparation of rolling three-year plans for technical cooperation.

Three-year plans for technical cooperation

368. The preparation of multi-annual plans would be a positive step in enhancing the predictability and transparency of UNCTAD's technical cooperation. The exercise would benefit and interest both beneficiaries and donors, as well as improve the

working methods of the secretariat. Rolling plans would help in determining priorities in technical cooperation and in highlighting issues requiring the Board's attention and follow-up. Some UNCTAD technical cooperation programmes do prepare such plans - for example the 1997-1999 plan presented at the June 1996 DMFAS donors meeting.

369. However, there are a number of issues which would affect the quality and relevance of such an exercise, given the particular context of UNCTAD's technical cooperation.

370. First, multi-annual plans depend for their effective implementation on assurances about the availability of resources. Since UNCTAD is not a funding agency for technical cooperation, it is, in present circumstances, not in a position to offer such assurances. Second, the most important determinant of the content of UNCTAD's technical cooperation is the interest, or demand, of beneficiary countries. Given the nature of UNCTAD's technical cooperation-i.e. tied to the provision of specific services and products arising from the regular work of the organization-UNCTAD would find it difficult to forecast or anticipate specific demand for more than, say, 12 months.

371. In the light of these considerations, the annual preparation of a three-year plan for technical cooperation would tend to be a statement of priorities based on requests and interest expressed by potential beneficiary countries, without necessarily being the resource base for implementation. It is likely that the plan for the first year would be a relatively firm statement of priorities and programmes, based on specific requests and funding availability. Plans for the second and third years would probably be more approximate.

372. In any event, such an approach would help to render consistent the needs or requests of beneficiaries, the priorities for UNCTAD and the availability of resources. It would in addition highlight the resource gap between financial availability and need. The Board's consideration of such plans would no doubt contribute to help bridge the gap.

Monitoring and evaluation[15]

373. In the final document of UNCTAD IX (para. 96), the Conference stated that "technical cooperation activities should be monitored and evaluated on a continuous basis, particularly to assess their impact on national capacities on the basis of relevant indicators". Responsibility for monitoring the implementation of individual projects rests with the project officers assigned to each substantive Division. Responsibility for monitoring of overall programme implementation and for

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[15]. See also paragraphs 326-330 above.

evaluation are assigned to the central Technical Cooperation Unit and to the Programme Coordination and Evaluation Unit attached to the Office of the Deputy Secretary-General.

374. A significant part of UNCTAD's technical cooperation contributes to capacity-building, for example as regards reform and management of customs administrations, the management of external liabilities, transport infrastructure (e.g. ports) or the various training and human resource development programmes (TRAINFORTRADE, TRAINMAR). An review is currently under way, under the auspices of the ACC, regarding the concepts of national capacity-building. The secretariat will draw on the results of that review in preparing the 1997 report on technical cooperation for the Working Party and the Board.

B. Establishment of a Trust Fund for Least Developed Countries

375. As announced by the Secretary-General of UNCTAD as part of the reorganization of the UNCTAD secretariat, a Trust Fund will be established for the benefit of least developed countries. Named after Kenneth Dadzie, the former Secretary-General of UNCTAD, the Trust Fund of "modest dimensions" would facilitate the start-up of new activities in the four main areas of the UNCTAD, namely "globalization and development strategies; trade and commodities; services for development and trade efficiency; and investment, technology and enterprise".

376. To accommodate donor interest and procedures, contributions to the trust fund could be either unearmarked or earmarked. Beneficiaries of, and donors to, the Fund could meet for consultations regarding the activities financed by the Fund, at the time of the annual Board consideration of least developed countries. Information on the Fund, as well as on other activities concerning LDCs, would be included on a regular basis in the secretariat's annual report on technical cooperation submitted to the Working Party and the Board.

377. At the time of finalizing this report, the Secretary-General was consulting with member States on the establishment of the Fund. Further information on the matter will be provided to the Board at its forthcoming session.

C. Feasibility study on the establishment of a consultancy company

378. The 1994 independent review of UNCTAD's technical cooperation recommended that "UNCTAD should undertake a study on the feasibility of establishing an autonomous, non profit-making consultancy firm, closely associated with the organization, which would be entrusted with the task of development and sale of computer software and other computerized systems in the broad field of trade". The firm, which would be responsible to

UNCTAD, would recover its costs. The review recognised that "there is no precedent within the United Nations system for this type of consultancy firm, but this should not be an obstacle to its establishment and certainly not for the detailed consideration of its feasibility. Other parts of the United Nations system might benefit from examining the legality and technical feasibility of such autonomous consultancy arrangements, at a time when there are demands for commercial viability in many spheres of activity" (paragraph 108 of TD/B/40(2)/14).

379. The Trade and Development Board agreed that this proposal should be further explored and the secretariat was invited to hold consultations on the terms of reference for a feasibility study, subject to the availability of extrabudgetary resources to conduct the study.

380. Following consultations with delegations in December 1994, and receipt of an extra-budgetary contribution to initiate work, the study got under way in mid 1996. The study will aim at recommending new approaches to enable UNCTAD to extend the range and improve the effectiveness of its technical cooperation through greater flexibility in the delivery of UNCTAD's products and services, commercialization, closer collaboration with the private sector and an expansion in the range of potential clients/beneficiaries.

381. The study has two components of equal importance:

- the first component would investigate all of the issues associated with the establishment of a consultancy company (i.e. financial and commercial aspects on the one hand, and the "governance", legal and administrative issues associated with such a venture within the United Nations on the other hand);
- the second component would examine alternative approaches to greater commercialization and flexibility in the delivery of technical cooperation, including for example, subcontracting with commercial companies, direct sale of services, and greater adaptability in the application of relevant United Nations rules.

382. The latter component was not originally foreseen by the Board, but has been added following the informal consultations of December 1994.

383. The study would be expected to demonstrate the benefits of greater commercialization and flexibility to developing countries and how such activities would remain in the international public domain under the authority of the Trade and Development Board.

384. Information on the progress of the study will be provided to the Board at its forthcoming session.

D. Information on follow-up to ASYCUDA in-depth study

385. In paragraph 11 of the agreed conclusions adopted at its twenty-sixth session in December 1995, the Working Party requested the UNCTAD secretariat, in the context of preparations for UNCTAD IX:

(a) to develop options for amending the ASYCUDA programme and resource structures as necessary to enhance the programme's long-term financial viability; and

(b) to undertake preparatory work for the establishment of a mechanism for regular consultations among donors, beneficiaries and the secretariat on ASYCUDA.

386. With respect to (a), the activities of the ASCYUDA programme can be divided into four categories:

- advisory services and training associated with the installation of the software in national customs administrations;
- regional ASYCUDA centres for the support to national ASYCUDA installation projects, for the preparation of new projects and the carrying out of ASYCUDA training programmes;
- development of new modules for the software; and
- maintenance of existing systems, backstopping of national and regional ASYCUDA projects and negotiation of new projects.

387. Funding for first category activities is provided by national resources or aid programmes offered to the beneficiary country. This funding is generally available once the Government has decided to implement a customs reform and modernisation programme, including automation, and decided to adopt ASYCUDA as the customs management information system.

388. Regional support centres (the second category) should be financed by extra-budgetary contributions to UNCTAD, supplemented by contributions from user countries. However, donor contributions have proved difficult to mobilize in certain instances. Increased funding for regional centres is necessary to maintain the effectiveness of ASYCUDA programmes in Africa, Asia, Europe and Latin America and the Caribbean.

389. Work on the third and fourth categories is carried out from UNCTAD in Geneva. Resources for the third category should continue to be covered through voluntary contributions from trust fund donors for the development of specific modules or from specific country projects.

390. Fourth category activities are regular and recurrent. UNCTAD's capacity to support and maintain the ASYCUDA programme is directly affected by the availability of resources for such activities on a regular basis. Part of the necessary resources should be provided by the programme budget consistent with UNCTAD's overall responsibility for ASYCUDA. Programme budget support could be complemented by annual contributions from user countries, in the form of user charges. These can be sourced from the national project budgets during the project life cycle. Subsequently, they should be paid directly into a special trust fund for the purpose of supporting the ASYCUDA programme.

391. As noted by the in-depth study, the ASYCUDA programme has over the past few years achieved increasing success reflected in an impressive growth in demand for new projects. Human resources to backstop the delivery of the programme have grown at a much slower pace, and the ASYCUDA programme is now facing a situation where the existing capacity no longer meets the necessary requirements and obligations.

392. All regular budget resources currently allocated to trade efficiency/ASYCUDA are for fourth-category activities. Extra-budgetary contributions to support the overall ASYCUDA programme are split roughly 55% to 45% between categories three and four. User contributions would have to be mobilized for the balance of fourth category activities from both new and existing ASYCUDA users. User contributions can be built into all new national ASYCUDA project budgets. An acceptable formula would be needed to determine the amount of contribution per country where projects have been completed.

393. The approach being outlined above for ASYCUDA - namely a combination of programme budget resources, donor contributions and user contributions - is also relevant to other UNCTAD programmes in a broadly similar situation, i.e. ACIS and DMFAS. This approach is also relevant to the study referred to in section V.C above.

394. With respect to (b), many user countries have expressed their desire to participate in regular consultations on ASYCUDA. An annual user/donors meeting could be very constructive. However, for many user countries the travel cost involved would present an unsurmountable obstacle. Thus it is proposed that an annual ASYCUDA user/donor meetings be organised with selected participation, based on prior ASYCUDA-user participation at the regional level. Annual meetings - which would rotate from region to region - would always be held in an ASYCUDA-user country. The Philippine Bureau of Customs has expressed a

strong interest to host the first such meeting. Donor contributions would be sought to finance travel for selected ASYCUDA user countries. Interested international organizations would be invited to participate in the meetings, along with donor countries and institutions.

395. Subject to the views of the Board on this matter, the Secretary-General proposes to proceed on the lines outlined above.

E. General Assembly resolutions on operational activities

396. Previous reports in the present series have provided information on UNCTAD's response to General Assembly resolutions on operational activities. The most recent such resolution, 50/120, was adopted in December 1995 following the Assembly's triennial policy review of operational activities.

397. The resolution encompasses five issues of a system-wide nature, namely programme development and implementation; field-level coordination; management and programme support; impact assessment; and resources for operational activities. The following reports on those issues of direct relevance to UNCTAD. At its April 1996 session, the Administrative Committee on Coordination adopted a statement on the implementation of the resolution: the text of the statement was circulated for the information of member States of UNCTAD at the thirteenth executive session of the Board in July 1996. (See TD/B/EX(13)/Misc.1).

398. Under the rubric of programme development and implementation, the General Assembly has invited interested recipient countries to prepare a country strategy note that would serve as a common framework for the programming, monitoring and evaluation of United Nations system activities. To date, UNCTAD has not contributed to the preparation of country strategy notes; however, this may change to the extent that UNCTAD is able to contribute to this process through its analytical work on examining successful development experiences.

399. The General Assembly continues to encourage the application of the programme approach and the use of national execution by the United Nations system. UNCTAD, in its technical cooperation activities, seeks to apply the programme approach and supports the full application of national execution and the utilization of national expertise.

400. As UNCTAD has no direct representation at the field level, it relies on the UNDP Resident Representative to represent it in matters relating to technical cooperation and to ensure field-level coordination with other relevant activities. To the extent that its capacities allow, UNCTAD will increase its

support of the Resident Coordinator, particularly as regards work on development policies. UNCTAD's work in this area would be an important element in its integration of analytical work with the practical application thereof described in section V.A above.

401. There are no particular issues in the area of management and programme support which require the attention of the Board. UNCTAD follows either the rules and procedures of the United Nations as regards trust funds or of UNDP, as the case may be, and there is no autonomous action that UNCTAD can take to promote the objectives of the General Assembly, for example as regards greater harmonization and simplification of procedures or the use of common premises in developing countries[16].

402. The Trade and Development Board will be kept regularly informed of developments in United Nations system-wide operational activities of direct concern to UNCTAD.

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[16]. UNCTAD project offices in developing countries are located in UNDP offices: the only exception is the regional ASYCUDA support centre in Lusaka, Zambia located in the host organization, namely COMESA.

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